



Durban Desegregates Its Whites-Only Bus Service
The bus system reserved for whites in South Africa's third-largest city opened Wednesday to all races after a six-year effort to win Pretoria's approval. But officials said they doubted many blacks could afford tickets. Meanwhile, a labor dispute threatened General Motors' divestment plan. Page 6.

U.S. Cites Accords In Geneva

As Talks Recess, U.S. Negotiator Calls Them Useful

By Thomas Nerter
New York Times Service
GENEVA — U.S. and Soviet arms negotiators concluded a sixth round of talks Wednesday, with the chief American negotiator portraying them as "the most useful to date."
The statement was in sharp contrast to Soviet assessments that have accused Washington of turning away from agreement reached at the Reykjavik talks between Ronald Reagan and Mikhail S. Gorbachev last month.
The American negotiator, Max M. Kampelman, said in a statement that Washington and Moscow were in agreement on elements of three key areas of the negotiations, including medium-range and long-range weapons, and adherence to the 1979 Anti-Ballistic Missile treaty for a period of 10 years.
But he also added that "important areas of difference" remained to be resolved when the talks resumed Jan. 15.
The negotiations began March 12, 1985, and have involved five previous rounds.
"This has been a useful and productive round, our most productive to date," Mr. Kampelman said.
"I do not, however, wish to minimize the number and significance of the differences that still divide us," he said. Mr. Kampelman also confirmed that U.S. and Soviet negotiators would hold interim talks in December to try and overcome remaining differences.
The optimistic comments by Mr. Kampelman ran counter to statements by Soviet officials and reflected attempts by U.S. officials to portray the talks in the best light possible after reports that a meeting between Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze in Vienna last week had failed.
In a statement carried by the Soviet Tass press agency, Moscow's chief negotiator, Viktor P. Karpov, said that Washington "has done all it could to cross out agreements reached during the Oct. 11-12 talks in Iceland. He said the negotiations were 'at a standstill.'"
Tass quoted Mr. Karpov as saying that if the United States was to come to terms with the Soviet Union, it would have to give up its nuclear advantage.
See ARMS, Page 2



Walter Wallmann, left, the West German environment minister, consulting with Hartwig Moebes, an official in Bonn's environment ministry, at the start of talks in Zurich.

5 Nations Discuss Pollution

Swiss Consider Paying Damages In Rhine Spill

By Donald Nordberg
ZURICH — Switzerland said Wednesday that it would consider paying for damage caused by severe pollution of the Rhine River caused by a fire in Basel and would tighten regulations on dangerous chemicals.
Stanley Clinton Davis, the European Community environment commissioner, said that President Alphonse Egli of Switzerland had made valuable concessions on the question of compensating countries hurt by severe pollution of the Rhine following a fire at the Sandoz chemical warehouse on Nov. 1.
Neeli Smit-Kroes, the Dutch transport and public works minister, said that her government would seek unspecified damages.
There was no immediate indication of what other claims might be filed.
"Egli recognized that compensation will be due," Mr. Clinton Davis said, but there was not a clear commitment as to who will pay.
He said that confusion delayed alerting other countries along the waterway once the Swiss had realized the scope of the problem.
The pollution killed fish and plant life and several towns without drinking water.
Officials from West Germany, France, the Netherlands and Luxembourg attended the session Wednesday.
Alain Carignon, the French environment minister, said: "The important thing is that Switzerland has recognized its responsibility today and specifically that the alarm did not work."
In a statement distributed later, he also questioned whether Sandoz had observed local law on the storage of chemicals.
Mr. Carignon said, however, that the Swiss had agreed to study whether to alter their law with the EC directives adopted after a 1976 pollution disaster at a factory in Seveso, Italy, owned by another Swiss chemical company, Hoffmann-La Roche.
Delegates said that the ministers had agreed to meet again in Rotterdam on Dec. 19.
Basel officials acknowledged in a report prepared for the conference that a misunderstanding left the main river authorities uninformed for almost 24 hours after the blaze.
The report said that the police had notified local authorities in French and West German towns across the river from Basel but not the officials in charge of monitoring the safety of Europe's most important waterway.
In Basel, the authorities said Wednesday that they were investigating a purported claim from the extremist Red Army Faction that it started the fire. They expressed doubts about its authenticity, however.
Walter Wallmann, the West German environment minister, said that the Sandoz accident raised questions about the adequacy of measures in force to prevent pollution.
He said: "I hope I will be interested for having to ask, in the interest of the citizens of my country, whether in general the safety procedures of chemical plants in Switzerland still meet the very high standards required."
The fire destroyed a warehouse for agricultural chemicals and water used by firemen washed the chemicals into the Rhine. Several days later, a second leak of water contaminated with mercury escaped from the same site.
See ARABS, Page 2

LATE NEWS

Drug Reported To Ease Senility
BOSTON (AP) — An experimental drug for Alzheimer's disease significantly improved the memories of all but one of 17 senile persons treated in a study and may be the first effective therapy for this devastating illness of old age, a researcher has reported.
Dr. William K. Summers of the University of California, Los Angeles, who directed the study of the drug tetrahydroaminoacridine, said the drug did not cure the disease but dramatically alleviated its symptoms. The drug has not been approved for routine use.

Gaza Violence Erupts
GAZA CITY — Israeli forces shelled and killed a Palestinian man and an Israeli was stabbed by an unknown assailant in two separate incidents in the occupied Gaza Strip on Wednesday, a military spokesman said.

INSIDE TODAY

Jesse Jackson says the Democratic Party has ignored his political and social proposals. Page 3.

GENERAL NEWS

- American Catholic bishops voiced their "respect" for the disciplining of a colleague by the Vatican. Page 6.
 - The new Congress is expected to strengthen its role in U.S. farm policies. Page 3.
 - Asian Muslims are unsettled by the regional tour of Israel's president. Page 7.
 - Britain's government pledged to sell more state-owned companies and cut taxes. Page 6.
- SPORTS**
- Roger Clemens, the Boston pitcher, was named the American League's Cy Young award winner. Page 19.
- SCIENCE**
- Early man may have killed a race of giant apes. Page 8.
- BUSINESS/FINANCE**
- Wicks Cos. agreed to acquire Lear Siegler Inc., the aviation company, in a transaction valued at \$1.7 billion. Page 11.
 - Saudi Arabian Airlines delayed payment on loans and may seek more time. Page 11.
- IN TOMORROW'S NYT**
- In search of Homeric Troy. In Travel.

Neue Heimat Affair: A Good Idea Turns Sour

By Ferdinand Protzman
International Herald Tribune
FRANKFURT — Neue Heimat, the West German housing group, began as a good idea: inexpensive housing created by the nation's trade unions for their members. In recent weeks, however, it has turned into a nightmare for its creators, for the unions' political allies, the Social Democrats, and for West Germany's biggest banks.
Political analysts tie the recent controversy over Neue Heimat to losses suffered by the opposition Social Democratic Party in a key state election Sunday in Hamburg, a poll considered crucial ahead of federal elections in January.
The controversy began about six weeks ago when the trade union federation, the Deutsche Gewerkschaftsbund, or DGB, announced that it had agreed to sell Neue Heimat to West Berlin bakery owner, Horst Schiesser, for 1.1 billion DM, or about 49 cents.
What Mr. Schiesser bought for his token mark was Western Europe's largest housing group and considerable aggravation. Neue Heimat is saddled with 17.1 billion DM in debt, a sum estimated to be roughly equal to its assets.
Then, in a surprise announcement Monday, the DGB agreed to buy back Neue Heimat from Mr. Schiesser. Analysts said the agreement reflected the refusal of West Germany's banks to accept Mr. Schiesser's purchase of the group.
The sale to Mr. Schiesser, who owns West Germany's largest bread baking chain, "never stood a chance of being acceptable to the creditor banks," a Frankfurt banker said. Both the size of the debt and doubts about Mr. Schiesser's managerial ability contributed to the banks' doubts.
Mr. Schiesser sold Neue Heimat back to the Beteiligungsgesellschaft für Gemeinwirtschaft AG, the union-owned holding company. He is rumored to have received over 35 million DM from the union federation for his six-week stewardship of Neue Heimat, but no price has been given officially.
The transaction returns the heavily indebted group to union stewardship, but it requires the union to pay a premium to resume the debt burden. That reinforces the public perception that the unions are financially inept.
For Chancellor Helmut Kohl's Christian Democratic Union party, See HOUSING, Page 15

For Chirac, Some Breathing Space

Hostage Releases Seem to Boost Confidence in Government

By Jim Hoagland
Washington Post Service
PARIS — The release Tuesday of two French hostages in Lebanon following gestures of accommodation by France toward Syria and Iran will provide some badly needed breathing room for the embattled Middle East policy of Prime Minister Jacques Chirac's government.
In office only eight months, Mr. Chirac's conservative government had begun to be undermined by a rapidly spreading erosion of confidence. Mr. Chirac's expressed ambition to be elected president in 1988 had also fallen under a cloud because of an appearance of ineffectiveness.
The hostage release will enable Mr. Chirac to argue that his course of accommodation toward Syria and Iran brought success on the hostage issue, even if it is only partial.
Revelations that the United States has also been dealing with Tehran over the fate of American hostages have strengthened Mr. Chirac's hand.
The revelations, for example, enabled Mr. Chirac to deflect criticism of French Middle East policy from Secretary of State George P. Shultz during a tense private meeting in Paris on Friday, according to sources.
Instead of asking for understanding for France's refusal to condemn Syrian support for terrorism, Mr. Chirac went on the offensive and told Mr. Shultz that France, as the only Western country still present in any force in Lebanon, did not have lessons to learn from anyone else, according to the sources.
But with six French citizens still missing in Lebanon and a dispute continuing with Iran over French support for Iraq in the Gulf war, Mr. Chirac and his advisers are aware that their policies still run the risk of ending in tragedy.
Even as they freed the two hos-

Justice Department Treading Heavily Over U.S. Foreign Policy Sensitivities

By Howard Kurtz
Washington Post Service
WASHINGTON — In one case after another, the Justice Department has become an aggressive player on the international stage, a role that has produced a growing degree of friction with Secretary of State George P. Shultz and his staff.
Earlier this year, the Justice Department expanded a sensitive investigation of Israeli spying in the United States, linking it to an Israeli Air Force colonel and other key Israelis in court statements that the State Department sought to limit.
Last month, Attorney General Edwin Meese III helped persuade the White House to expel 55 Soviet diplomats, overriding State Department objections that this would damage relations with Moscow and invite further retaliation against U.S. diplomats.
In coming weeks, Mr. Meese must decide whether to bar President Kurt Waldheim of Austria from the United States because of his alleged Nazi activities during World War II, a move that State Department officials fear would greatly complicate relations with Vienna.
Such conflicts are inevitable between departments with different mandates — one tightly focused on law enforcement, the other with broad concerns about U.S. relations worldwide.
But these clashes have occurred more frequently under President Ronald Reagan, whose Justice Department has adopted a concerted global strategy against spies, terrorists, drug traffickers and money-launderers.
"We've had some real wrestling matches, no question about it," a Justice Department official said, referring to the department's relationship with State. "There's a static electricity that surrounds these things."
But he said the two departments "have almost always been able to reach some accommodation."
A State Department official agreed, saying the two have a good working relationship but citing "some differences in approach."
"Where you get the charge that we're selling out to maintain good relations is from the U.S. attorneys, See POLICY, Page 2

Justice Department Treading Heavily Over U.S. Foreign Policy Sensitivities

Edwin Meese III

U.S.-Iranian Contacts Worry Moderate Arabs

By John Kifner
New York Times Service
CAIRO — Centrist Arab leaders are quietly seething over reports that the United States sent military spare parts to Iran in a clandestine deal for the freedom of American hostages in Lebanon, according to Arab and Western diplomatic sources.
There have been no public statements on the matter from leaders in Egypt, Jordan, Saudi Arabia or the Gulf emirates that have been supporting Iraq in its war with Iran out of fear of the spread of Ayatollah Ruhollah Khomeini's fundamentalist revolution.
But diplomatic and Arab sources said that the rulers were upset that the secret shipments, reportedly funneled through Israel, included badly needed spare parts for Iraq's diminished air force. Such aid, they said, could certainly prolong the war and could help the balance toward the Iranians.
"Royally bummed out," was the way a diplomat summed up the private reaction of King Hussein of Jordan, a friend of the United States who has devoted much effort in recent years to rallying support for Baghdad.
The king is known to feel that the Iran-Iraq war is one of the most crucial issues facing the region and that an Iranian breakthrough could spread instability and Islamic fundamentalist uprisings throughout the Arab world.
The reasons for the silence of these Western-leaning Arab leaders, diplomatic sources suggested, included a desire to avoid further embarrassment and the risk of undermining their credibility at home.
The Jordan Times, an English-language newspaper in Amman, showed little such reticence Tuesday in an editorial attacking what it

U.S. Diplomats' Language Skills Are Found Wanting

By John M. Goshko
Washington Post Service
WASHINGTON — The United States has a serious shortage of diplomats able to speak difficult languages of vital importance to U.S. foreign policy, and the problem will become critical unless major changes are made in the promotion and assignment policies of the Foreign Service, according to a State Department study.
Once in all, officers receive some language training — usually in French or Spanish — designed to bring them to the 3 level on the department's proficiency rating scale, which ranges from zero to 5. But, while a score of 3 theoretically means that the officer speaks the language well enough to do his or her job, it actually amounts to only rudimentary conversational ability.
Mr. Stearns found that the blame did not rest with the quality of the language instruction given by the department's Foreign Service Institute but with the low priority accorded to language ability in making assignments and promotions.
This finding is likely to provoke controversy because it comes at a time when the Foreign Service is adjusting to a new promotion system that severely limits promotions into the elite Senior Foreign Service and forces into retirement those who do not pass an accelerated promotion schedule.
The fact that the promotion criteria favor those with management experience has provoked sharp protests from many officers who believe that a diplomat's value should be measured by knowledge of a country, including its language. Mr. Stearns, clearly in agreement, said in his report:
"If there is one skill that epitomizes the Foreign Service as a profession, it is the ability to understand and negotiate in a foreign culture. It is this skill that not only distinguishes the Foreign Service from other professions, but without which there would be no need for a Foreign Service."
Yet, he continued, a study of the promotion lists for 1983, 1984 and 1985 showed that the State Department had "transmitted a signal that language proficiency is less important than other skills in advancing to the top ranks" and that officers "cannot afford to take time out for training, especially in hard languages, which take two years or more to achieve even limited proficiency."
In that three-year period, Mr. Stearns found, 147 officers were promoted into the

Children Flee Fire On Soviet Ship In Sea of Japan

By [Name]
MOSCOW — Three hundred school children have escaped from a burning cruise ship in the Sea of Japan in the latest Soviet maritime accident, the Tass press agency reported.
Tass said late Tuesday that two crew members of the 5,127-ton passenger ship Turkmeniya were killed in the blaze. It started in the engine room on Monday when the vessel was 60 miles (100 kilometers) off the Soviet Far Eastern port of Nakhodka.
The children were lowered into lifeboats. They waited in darkness for two hours before rescue ships arrived.
The fire followed the sinking of the liner Admiral Nakhimov in the Black Sea on Aug. 31 with the loss of 400 lives. On Oct. 3, an explosion and fire on a Soviet nuclear submarine in the Atlantic killed three crewmen.



Jacques Chirac



Edwin Meese III



Montea Stearns

U.S.-Iranian Contacts Are Said to Disappoint White House

By Walter Pincus
Washington Post Service

WASHINGTON — The White House believed in September 1985 that it had arranged the release of at least two and possibly all six American hostages held by a pro-Iranian group in Lebanon after permitting two plane-loads of arms to be shipped from Israel to Tehran, according to informed sources.

But the release of only the Reverend Benjamin Weir on Sept. 14, 1985, was the first of several bitter disappointments suffered by President Ronald Reagan and his aides, the sources said Tuesday.

Although during the next 14 months the Iranians repeatedly promised more than they delivered, the White House was reluctant to believe that Tehran and the pro-Iranian Islamic Jihad in Lebanon were being duplicitous, the sources added.

For four days after Mr. Weir's release, Mr. Reagan withheld the

news in the hope that other hostages would be freed, according to one source. Mr. Weir was taken to the U.S. naval base in Norfolk where he was questioned for up to 12 hours by officers considering a mission to rescue the other hostages, the sources said.

Such planning eventually was dropped because of concern that the hostages were being moved too frequently for U.S. forces to launch such an attempt, the sources said.

Mr. Weir and five other hostages were held by Islamic Jihad, which wanted to use the Americans to free 17 guerrillas imprisoned in Kuwait for bombings there.

After Mr. Weir, two more of those hostages were released, reportedly after additional arms shipments were made. The Reverend Lawrence M. Jenco was freed in July, followed by David P. Jacobsen on Nov. 2.

As in the past, the White House expected at least one more hostage

to appear with Mr. Jacobsen, the sources said.

The program initially was run by the then-national security adviser, Robert C. McFarlane, who continued to play an active role after leaving the government, the sources said.

One source said that the White House officials were warned by other administration officials that "once the program started, the Iranians would stretch it out for as long as they could."

Although the White House program has permitted arms to go to Iran, contrary to the stated U.S. policy of embargoing weapons supplies to Tehran, it has not asked Kuwait to release its prisoners.

Islamic Jihad is still believed to hold Terry A. Anderson and Thomas M. Sutherland. William Buckley, a former political officer at the U.S. Embassy in Beirut also was held by the group, although some reports say he has been killed.

It also was learned Tuesday that in response to a cash ransom demand, the United States earlier this year authorized middlemen to negotiate for the release of Peter Kilburn, a librarian at the American University of Beirut who was seized in December 1984.

A U.S. official said that Mr. Kilburn was picked up originally "by thugs," who abducted him for money rather than for any political cause.

Subsequent negotiations over money for Mr. Kilburn's release were never concluded, sources said.

Some officials say that Mr. Kilburn was sold to a pro-Libyan group in early April, when there were rumors that Washington planned to take some action against the Libyan leader, Colonel Muammar Gadhafi, for supporting terrorism.

After the U.S. raid in mid-April, Mr. Kilburn and two Englishmen were found dead and a pro-Libyan

group asserted that the execution was a reprisal.

Three American hostages have been seized in Beirut since September and U.S. officials are not certain which groups are holding them.

White House sources, defending the covert arms-for-hostages program, have pointed out that Islamic Jihad itself has not taken any additional Americans since the mid-1985 discussions began.

However, other U.S. officials critical of the program noted Tuesday that someone claiming to be from Islamic Jihad originally took credit for the kidnapping on Sept. 9 of Frank H. Reed.

On Monday, the Revolutionary Justice Organization said it was holding Joseph J. Cicippio, who was seized on Sept. 12, and Edward A. Tracy, who was taken Oct. 21.

Italy Probes Arms Transit

Prime Minister Bettino Craxi ordered an inquiry Tuesday into re-

ports that an Italian port was used for U.S. arms shipments to Iran without the knowledge of the Italian government. The New York Times reported from Rome.

News reports have said that the Tuscan port of Talamone was used for the arms shipments.

Official Set Up Contact

Elliott L. Richardson, a former U.S. attorney general, said Wednesday that he arranged contact between U.S. officials and an Iranian expatriate in the past year in an effort to free the hostages. The Associated Press reported from Beijing.

He said the Iranian, Cyrus Hashemi, was a cousin of the Iranian parliament speaker, Hashemi Rafsanjani.

Mr. Richardson, a lawyer who held four cabinet posts in the 1970s and is currently on a visit to China, said that Mr. Hashemi was a client who had been indicted on charges of selling goods to Iran.

WORLD BRIEFS

Riots Resume as Karachi Curfew Ends

KARACHI, Pakistan (Reuters) — Rioting flared here Wednesday between ethnic communities, injuring five persons, immediately after the authorities lifted a curfew, the police said.

Pathans from North-West Frontier Province stoned Muhajir immigrants in the suburb of Orangi as they left for work in the morning. The police said 14 persons were arrested. The authorities rushed troops and police officers to the volatile area, where at least 60 people died in communal riots last year. A police official said the government might reimpose the curfew if the situation worsened.

At least 58 people died in Karachi and in the town of Hyderabad in street violence triggered by a Pathan attack on a Muhajir procession in Karachi on Oct. 31. A curfew was imposed in more than half of Karachi, crippling trade and industry.

Sri Lankan Budget Report Is Gloomy

COLOMBO, Sri Lanka (Reuters) — The ethnic strife in Sri Lanka has slowed economic growth, fostered inflation and left many people jobless this year, the finance and planning minister, Ronnie de Mel, said Wednesday.

Mr. de Mel said in a gloomy budget speech to Parliament that the real gross domestic product would grow only 4 percent this year, compared with growth averaging 5 percent from 1983 to 1985. Inflation will be 7 percent in 1986, compared with 1.5 percent last year, he said. Unemployment climbed to 14 percent in 1985 and was rising this year, he said.

Mr. de Mel said military spending in 1986 would be 5 percent of real gross domestic product, compared with 1.5 percent in 1978. He said the increased military spending had pushed Sri Lanka's budget deficit to 28.7 billion rupees (\$1 billion) with expenditures of 69.2 billion rupees and revenues of 40.5 billion rupees.

Egypt Resists Pressure on Economy

CAIRO (UPI) — President Hosni Mubarak said Wednesday that Egypt will resist foreign pressure to speed up economic reform in talks with donor nations about rescheduling its \$30-billion foreign debt.

Mr. Mubarak said that Egypt would never default on the debt repayments, despite what he described as an "extremely difficult" economic situation. The president, opening a new session of Parliament, said: "We do not accept that a foreign institution would interfere in our economic decisions. We uphold our sovereignty and our total freedom in taking decisions."

Egypt has been negotiating with the International Monetary Fund for a \$1-billion loan to cover a deficit in its balance of payments. But the IMF has demanded a series of economic reforms, including the cancellation of government subsidies of staple goods and an effective floating of the Egyptian pound.



Hosni Mubarak

Comecon Leaders End Moscow Talks

MOSCOW (WP) — Leaders of Comecon, the 10-nation East bloc trading group, ended a two-day meeting here on Tuesday with a pledge to raise living standards through more intensive "economic, scientific and technological cooperation," the Soviet press agency Tass reported.

The brief report gave no details on the meeting, the first since June 1984. The meeting was held a week after a meeting in Bucharest attended by the prime ministers of the Comecon countries.

While international relations were on the agenda, East and West European observers in Moscow said that economic issues probably were dominant. The Soviet leader, Mikhail S. Gorbachev, has intensified efforts by his predecessors to coordinate the East bloc economies.

180 Drown as Haitian Ferry Sinks

PORT-AU-PRINCE, Haiti (AP) — A ferry apparently overloaded with passengers sank in the Bay of Port-au-Prince and at least 180 people drowned, the authorities said. Twenty were reported rescued.

The U.S. Embassy said late Tuesday that the 50-foot (about 15-meter) boat, Okle, sank off the bay island of Gonave, 30 miles (48 kilometers) west of Port-au-Prince. The boat was making its daily crossing at the time.

Radio Soleil, a Roman Catholic station, reported that its correspondent on the island of Gonave said that the vessel apparently was carrying too many passengers for its size.

U.S. Army Pilfering Called Extensive

WASHINGTON (UPI) — A decorated veteran of the U.S. Army's elite Rangers unit, indicted for stealing tons of grenades, anti-tank rockets and plastic explosives, testified Wednesday that military pilfering is rampant at all levels of the army.

"Pilfering is army-wide, almost soldier-wide," Shawn Helmer, a former ammunition officer at Fort Lewis, Washington, told a congressional task force led by Senator Pete Wilson, Republican of California. "As far as fighting units, the stealing" of ammunition and explosives "took place from the private-level on up," Mr. Helmer said.

The task force is studying military theft in the wake of Kitty Hawk scandal in which \$10 million in weapons and spare parts were smuggled to Iran from navy supply centers.

For the Record

Vyacheslav M. Molotov was quietly buried on Wednesday at Moscow's Novodevichy cemetery by his family and friends. No Soviet official attended, and militiamen kept Western correspondents from approaching the cemetery. Mr. Molotov died Saturday at the age of 96. (AFP)

Israeli warplanes struck deep into Iraq for the second consecutive day Wednesday, and reports in Tehran said up to 25 persons were killed in early morning raids. (Reuters)

The Organization of American States passed a resolution in Guatemala City on Tuesday backing Argentina's opposition to Britain's plan to impose a 200-nautical-mile fishing exclusion zone around the Falkland Islands beginning Feb. 1. (AFP)

ARMS: Negotiators End Round

(Continued from Page 1)

serious about continuing the talks must "display readiness to take practical measures to work out an agreement on eliminating all strategic nuclear weapons within 10 years."

Mr. Kampelman noted that both sides were ready to adhere to the ABM treaty for 10 years, although "conditions surrounding that commitment continue to divide us."

Mr. Kampelman cautioned, however, that "significant differences" barred the conclusion of a final overall agreement, the most serious being what he called the Russians "artificially" linking progress in one negotiation area to another.

The Soviet Union has apparently reversed an earlier agreement, reached at the Geneva summit meeting last November, to seek an interim agreement on medium-range missiles.

When asked about reports from Washington that the Vienna meeting last week had involved major disagreements that could seriously hamper the talks, Mr. Kampelman replied: "It's obvious from my statement here that that is not accurate."

Acknowledging that "the arguments have on occasion been intense," he added, "I was present in Vienna, and I must say to you that reading the report led me to wonder about the reliability of the source for that report and I simply did not recognize the meeting that I read about, based on my experience."

ARABS: U.S. Contacts With Iran Worry Moderates

(Continued from Page 1)

called Washington's "duplicitous policy toward the Iran-Iraq war."

"By negotiating with a state sponsoring terrorism, Iran, the administration has lied through its teeth to the whole world, including its own people," the editorial said.

Speaking by telephone from Kuwait, a European diplomat said there had been no official statement by the Kuwaiti government.

But he added: "They are worried about what they perceive as a shift in the balance of power toward Iran. They are keeping their

mouths shut, but clearly this is a matter of concern."

Another aspect of the situation troubling to the centrist Arab nations was the role of Israel in reportedly settling up the arms shipments to Iran, a nation dominated by Persians, historically the enemies of the Arabs.

"This is a little bit punishing to us; it's always Israel and the United States against the Arabs," said an official from an Arab nation that backs Iraq.

"This regime of Iran is trying to export trouble and subversion all

over the Gulf and Iraq is playing its role as a barrier to stop this," the official said. "We thought our friends could understand this. It is destabilizing the region and threatening other pro-Western, moderate Arab states."

Another Arab source with ties to Baghdad disputed assertions that contacts with Iran were intended to bolster moderate elements in Tehran.

"Personally, I don't believe supporting arms will help the moderates," he said. "The people who want arms are not moderates."



BRIDGE'S BIRTHDAY — Lights adorning the eight-and-a-quarter-mile San Francisco-Oakland Bay Bridge. The bridge's cables were illuminated for the celebration of the 50th anniversary of its opening on Nov. 12, 1936.

FRANCE: Releases Boost Chirac

(Continued from Page 1)

to place a bomb on the airliner. In his meeting with Mr. Shultz, Mr. Chirac did not waver from his government's expressions of doubt that Britain could link the attempted London bombing to Syria's political leadership.

His remarks to The Washington Times, which Mr. Chirac says were not supposed to have been attributed directly, have been widely reprinted here and closely studied as the first extensive explication in Mr. Chirac's own words of his Middle East policy.

From those remarks emerge a disdain for what he calls American "harking" at Libya and Syria, a resignation that he has to deal with Syria if France is to continue to help shield the Christian community in Lebanon from even greater harm, and a brooding concern that Islamic fundamentalism threatens to engulf the entire Middle East.

Mr. Chirac indicates that only by working with the existing governments in the Arab world and refraining from strong attacks on them can the West prevent an even greater explosion, and chaos, in the Middle East.

Chirac Denies He Implicated Israelis in Plot

PARIS — Prime Minister Jacques Chirac said Wednesday that he had never accused Israel of involvement in an anti-Syrian plot in connection with an abortive bid to blow up an El Al airliner in London in April.

Britain broke diplomatic ties with Syria last month after it was implicated in the case against Nezar Hindawi, a Jordanian who was convicted of trying to blow up the Boeing 747.

Mr. Chirac told the National Assembly in his first direct comments on the affair: "Obviously I never suspected the Israeli state to be in the remotest way involved in a terrorist act in Europe."

He accused The Washington Times' editor, Arnaud de Borchgrave, who conducted the interview, of failing to comply with basic journalistic ethics. "I was probably wrong to share some of my thoughts with this journalist," he said.

Embassy Suggests Mongoose Sniffers

WASHINGTON — The U.S. Embassy in Sri Lanka has proposed that the State Department fund a one-year project to train mongooses to sniff out drugs.

In a cable last week to Secretary of State George P. Shultz, the embassy recommended that the weasel-like mammals be trained to replace the German shepherd dogs now used at the international airport in Colombo.

The embassy described mongooses as animals that are "cheap to obtain and keep, are intelligent and possess a keen sense of smell, and are culturally acceptable to Muslims and other groups who object to dogs."

Ulster Protestant Group Holds Anti-Accord Rally

BELFAST — Led by men in paramilitary uniforms, 1,000 Protestants paraded through the village of Kileel on Tuesday night in the first public show of strength by the new Ulster Resistance organization formed to oppose the British-Irish agreement.

Policemen and 200 soldiers stood by in case of violence but the march through the largely Protestant village 40 miles (60 kilometers) south of Belfast took place without incident.

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Moscow Reports Train Crash

The Associated Press

MOSCOW — Two passenger trains collided in a small Ukrainian station last week, the official Tass press agency reported Wednesday. Tass said the accident, on Nov. 6, at Koristovka, near Kirovograd, caused injuries and deaths but it did not give figures.

Handwritten signature

New Congress Is Expected to Strengthen Its Role in U.S. Farm Policies

By Keith Schneider
New York Times Service

WASHINGTON — Severe restrictions on how much grain farmers can grow and more aggressive sales of American farm products overseas will be pushed by newly elected members of the Senate and congressional leaders from rural states when Congress reconvenes next year.

Several senators from farm states said they expected Senator Patrick J. Leahy of Vermont, the Democrat in line to become chairman of the Agriculture Committee, to take a much stronger lead in shaping farm policy than the current chairman, Senator Jesse Helms, Republican of North Carolina.

Mr. Leahy said Democrats were

handed a special responsibility in the Nov. 4 elections. Unless improvements are made in the economic conditions of rural America, he said, the Democrats could be criticized as vehemently in the 1988 presidential election as some Republican candidates were this year.

One plan that died in the 1985 session, calling for sharp restrictions on grain production, is expected to gain much more attention because it was a key campaign issue for two senators-elect from the Dakotas.

Kent Conrad of North Dakota and Representative Thomas A. Daschle, the victor in the Senate race in South Dakota, say their idea would raise the prices of grains and other commodities while reducing

the farm programs' cost to the government. But critics say it would cause American agriculture, which has lost a million jobs since 1979, to shrink even further.

Two key senators propose a different approach, seeking to stem the drastic drop in farm exports that economists say is a principal cause of the decline in agriculture.

Currently only cotton and rice exports have programs in which traders sell at world market prices and the government pays the difference between that price and the domestic price.

Senator Bob Dole of Kansas, the Republican leader, and Senator John Melcher of Montana, an influential Democratic voice in farm policy, would like to extend these

subsidies to wheat, corn, soybeans and other crops, coupling the idea with trade pacts in which other countries agree to buy specified amounts of grain at a competitive price.

Meanwhile, Senator Don Nickles of Oklahoma, a Republican who won a second term last week, said the principal aim of lawmakers he has talked to since the election was to reduce the cost of the farm programs. He and other lawmakers say that one way to do this would be to direct aid only to those in greatest need, to the struggling family farms and not to the large agricultural operations that are making healthy profits.

Everyone involved agrees that any changes in the government

programs, which determine how much grain, milk, sugar and other crops are raised in the United States, will come only after intense political combat.

The Department of Agriculture recently said that in the fiscal year 1986, which ended in September, spending on farm programs reached a record \$25.6 billion. According to the Fertilizer Institute, a Washington trade association, the department actually spent \$5 billion to \$7 billion more but shifted that spending to the fiscal year 1987.

The Reagan administration, while hoping to cut costs, overthrew proposals that would increase the government's role in determining production and prices.

The current farm program, signed into law in December 1985, sent agricultural policy firing off into new and often contradictory directions.

In an effort to reduce the cost of dairy support programs, the government sought to lower production by paying farmers to slaughter more than 1.5 million cows, calves and heifers. But at the same time the law lowered the price of feed, and the remaining dairy farmers, with their reduced costs, produced even more milk.

In order to regain lost export markets, the law lowered the government-set prices that the programs support. But the lower support prices drove down the market prices of most crops and caused

record numbers of farmers to flock to the programs in order to stay solvent.

And it has not yet worked to help increase exports. American farmers expect to sell a little more wheat overseas than they did last year, for example, but the crop is worth 25 percent less. Finally, the law maintained income subsidy payments at high levels, helping hundreds of corporate farms to collect millions of dollars.

"It is the most chaotic, fractured, incoherent farm policy that's imaginable," Senator Leahy said. "It's time to corral this thing. There are no magic solutions. But it's time to bring it back and to look at basic farm problems. We're going to do that next year, no question."



Senator Patrick J. Leahy

A Revolution Reaches Dowdy Old Home Furnaces

By Stuart Diamond
New York Times Service

NEW YORK — The clunky, inefficient home-heating plant is beginning to disappear.

The rising fuel costs of the 1970s prompted companies to develop an array of new furnaces, boilers and other devices that run on oil, gas, electricity and even coal. They are smaller, more efficient and ultimately less costly than their predecessors.

Most use advances in computer technology, materials science and thermal engineering. Some use new ceramics technology. The oldest of the new devices have been sold since 1982, but many are just coming onto the market, and others are to be introduced in the next two years. Among them is a single small appliance that provides heat, air conditioning and hot water.

"A revolution has occurred in what was an old, dowdy piece of equipment," said

Jerome A. Long of the Gas Research Institute, which is developing new gas heating units. "In terms of thermodynamics and technology, it is much more sophisticated and will become even more so."

Roger J. McDonald, who tests new oil units at the Brookhaven National Laboratory, said some of the new devices were so quiet, small and efficient that they had been installed under kitchen counters in Europe.

Of 87 million American households, 48 million heat primarily with natural gas, 11 million with oil, 15 million with electricity and the rest with wood, propane, kerosene, coal, solar and other sources. The efficient new units have less than 5 percent of this market but the share is rising rapidly, experts say.

There are two types of units that burn fossil fuels: boilers, which heat water that flows through radiators; and furnaces, which heat air that flows through ducts. Each unit's burner heats the air or water in

coils called a heat exchanger. A fan or pump moves the heated fluid through the house. It returns and is reheated.

Older units are often only 60 percent efficient, which means that over a winter 40 percent of the heat is wasted, through chimney exhaust or the storage of heated water in a boiler.

Some new units burn gas in 70 tiny pulses per second instead of continuously. The pulses better focus energy on heat exchangers and increase combustion pressure, and exhaust gases can escape through a small pipe rather than an expensive chimney. Several hundred thousand are in use.

Some oil furnaces use a second heat exchanger that removes heat from chimney exhaust to warm the house. About 2,000 have been sold. A new pulsing oil boiler, developed by Elf Aquitaine of Paris, is planned for introduction in the United States in a year.

A new high-efficiency oil boiler has instead of 15 gallons (66 liters) only 2.5

gallons of water, and it remains cold until the house needs heat. A microprocessor can direct varying amounts of heat to different rooms and to a hot-water heater. Several thousand units are in use.

A California company sells a ceramic-fiber burner that glows without flame.

"You get very uniform heat distribution and relatively low cost," said Dr. William E. Krauss, an engineer at the Gas Research Institute. A few hundred of the units are in use.

"You will hear a lot about this technology in the next five years," he said.

Electric heating is focusing on heat pumps, which are air conditioners that also run in reverse by extracting heat from the outside air, even when the air temperature is very low.

Even basement coal furnaces and boilers have been updated. The new units have automatic coal feeding, electronic controls and a firebox design based on thermodynamic advances.



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Jackson Says U.S. Democrats Snubbed His Ideas

By Stuart Diamond
New York Times Service

CAMBRIDGE, Massachusetts — The Reverend Jesse L. Jackson has denounced what he called the "blatant attempts" of the Democratic Party to exclude his ideas for political and social changes from the party's agenda.

In a speech Tuesday night sponsored by the Harvard Law School Forum, Mr. Jackson described his relationship with the party as a

"day-by-day struggle," and referred to "the role that I may very well play in 1988" in influencing the direction of the country's policies.

Mr. Jackson failed in an attempt to gain the Democratic presidential nomination in 1984.

But he said he would continue to try to advance the agenda that he envisions for the nation through the Democratic Party, saying, "I

choose to fight rather than switch; I choose to get the attention of the party and the nation."

Mr. Jackson said he was pleased that the Nov. 4 election made the Democrats "the new majority" in the Senate. He called the election "a major referendum on Reaganomics."

But he castigated the Democrats for not inviting him to a party meeting last month and for not

considering him and his adherents "part of the ruling constituency of the Democratic Party."

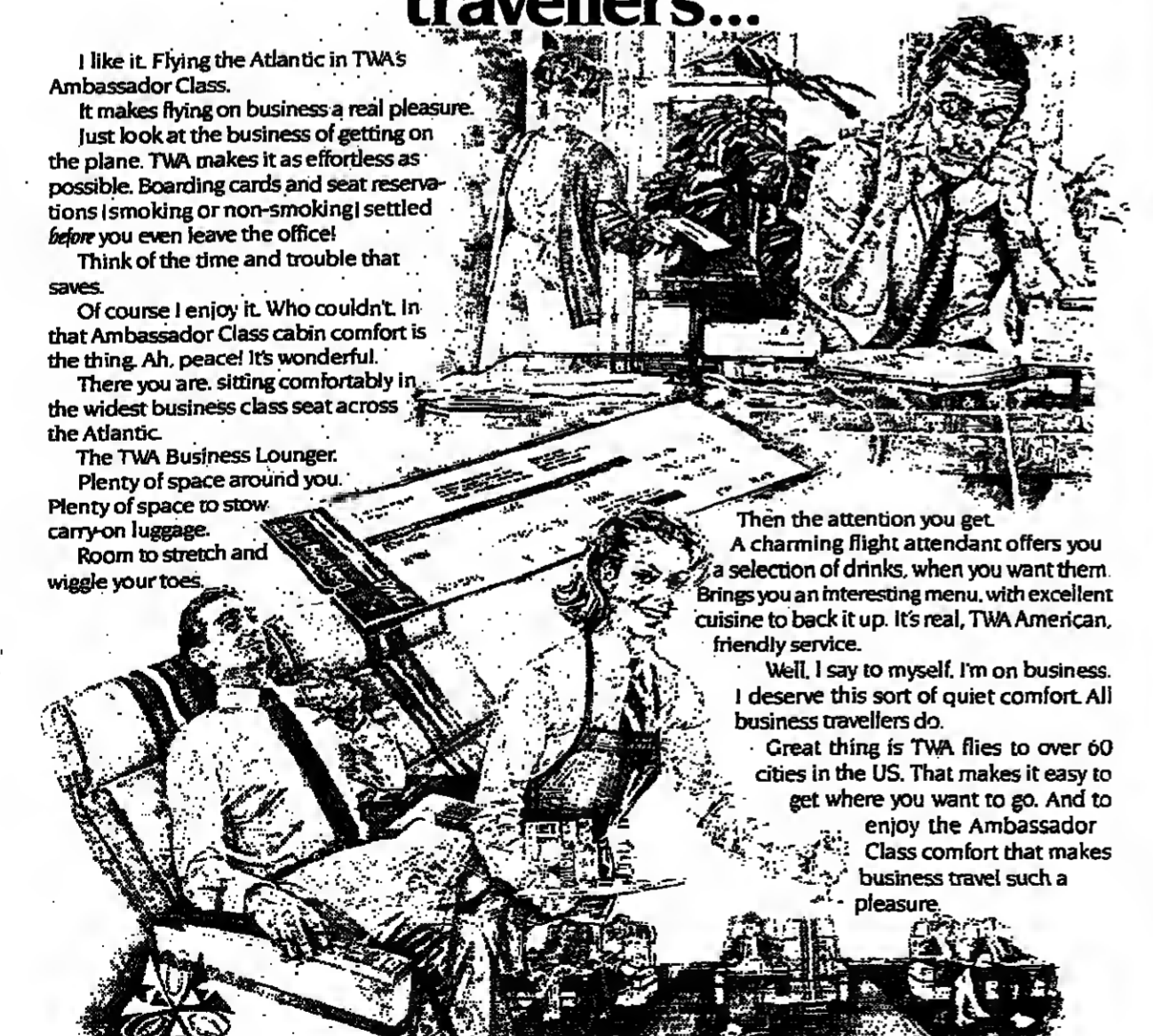
Mr. Jackson called for a broad plan for economic, social and political changes that he said he hoped to help bring about with the aid of his constituency.

Mr. Jackson cited the importance of the black vote in helping the Democratic Party regain a majority in the Senate.

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INTERNATIONAL Herald Tribune

It's the Wrong Message

The White House is erecting its thickest stone wall since the Nixon years to fend off questions about the blundering arms-for-hostages deal with Iran.

National Security Council, unlike the CIA, is not required to brief oversight committees. At the least, this evades oversight laws.

President Reagan is painting himself into an ever tighter corner with his Iran policy. Actually it is not so much an Iran policy as a policy to avoid making an accounting of his Iran policy.

get back hostages, and when it started to bargain the Iranians delayed, defaulted, changed the rules, raised the price and otherwise administered Washington a cruel lesson in the ways of the bazaar.

Undeclared Trade War

Whose house is of glass must not throw stones at another. — George Herbert, 1633. Under election-eve pressure to appease the depressed lumber industry, the Reagan administration ruled that Canada was subsidizing its lumber producers and slapped a 15 percent tariff on imported Canadian softwoods.

\$1.57 and the guaranteed "target price" of \$3.03. For Ottawa, that was reason enough to assess a penalty duty of \$1.05 a bushel.

Other Comment

Aquino Amid the Military The government installed as a result of [a] miracle has since tended to regard itself as a heavenly creation and [has] adjusted its plans and operations to mimic the inscrutability of divine or mystical workings.

Vietnam Keeps Declining The Vietnamese currency has just been devaluated by 92 percent in an attempt to throttle an inflation rate of some 700 percent.

OPINION The French Think That at Least They Have a Policy

By William Pfaff

PARIS — The dual drama in Washington and Paris over Middle Eastern policy has made clear the fundamental divergence between the two countries. It is not a divergence of aims so much as the difference between a country with a policy and one without.

The Washington Times last weekend was quickly dissipated in Paris by what newspaper's publication of what he actually said. Impolite, undiplomatic, Mr. Chirac nonetheless provided a description of what France is doing in the Middle East which was intellectually serious and coherent, and which the majority of French voters would support.

The Maghreb countries have to be encouraged to resist integrism, and given confidence that they have supporters in the Western world. Mr. Chirac did not say it, but it is the opinion of his entourage that the United States is too compromised by its attachment to Israel to play this role credibly.

within the power of the West to end the purgatory of Lebanon, and that the radicalization of the Arab masses and the march of integrism cannot be stopped with either guns or diplomacy. The French might concede the weight of this argument, but ask what responsible alternative there is to trying. The most constructive thing that could be done would be to treat the cancerous Israeli-Palestinian struggle. But that is not within France's capacity, and the United States, which might do something positive, has now washed its hands of the Palestinians, too.



How to Move Ahead From Reykjavik Don't Let Utopian Aims Block Attainable Deals

By Roger Fisher

By Richard N. Gardner

CAMBRIDGE, Massachusetts — No one believes that a binding agreement was made at Reykjavik. Moscow says that all proposals are part of a single package that the United States rejected. Washington concurs that there was no commitment.

alternative solutions at their disposal. Consultation: While the drafts are under preparation, you should consult your governments to develop a full understanding of their concerns and a full range of ideas on how they might best be reconciled.

NEW YORK — Present negotiators for both sides would do well to review the talks on "General and Complete Disarmament" from 1961 to 1964. The Russians made it clear then that they would accept no proposal that disadvantaged them by exempting from abolition nuclear weapons systems in which the United States had a clear advantage.

weapons, a goal he and Mr. Reagan have repeatedly proclaimed and which the president reaffirmed at their meeting. But it is a cruel hoax on a public justifiably concerned with the dangers of nuclear war to promise to accomplish things without having the faintest idea of how to do so.

Put 'Star Wars' Before an Elite Panel

By Jerome B. Wiesner and Kosta Tsipis

CAMBRIDGE, Massachusetts — Reykjavik confirmed, if confirmation was needed, that Reagan is getting very poor advice. Since it was proposed, star wars has encountered such intractable scientific and technical difficulties and objections that the president should have welcomed the opportunity for 10 years of judicious laboratory research and development rather than the prospect of committing resources and time to spectacular simulations.

Among a few scientists, there is also the strong belief that any technical idea that surfaces should be backed. This is what we might call the Edward Teller syndrome. Dr. Teller, an enthusiastic supporter of star wars, is popularly known as the father of the hydrogen bomb. But his technical track record is not perfect.

Eisenhower's nuclear test ban effort. There is a thin line between vision and foolishness, which is hard for even experienced scientists to judge, and impossible for a layman. It was a layman, a retired air force general, Daniel Graham, who dreamed up star wars as a glamorous alternative to deterrence when he was working on a Reagan campaign task force.

Such a far-reaching foreign intrusion would be unacceptable for any Soviet leader. It could also raise political and constitutional problems for America. And if by some miracle the superpowers accepted such inspection inside their territories, how could they be assured that nuclear weapons were not being hidden or covertly manufactured by other countries?

Soon a Crucial Congress in Vietnam

By Murray Hiebert

WASHINGTON — The Vietnamese Communist Party's sixth congress is scheduled for December, and everyone seems to have an opinion about which new leaders should be elected and what new policies should be introduced.

Mr. Chinh opposed many of the reforms; he prefers exhorting people to produce more, rather than offering incentives.

central Vietnam, he played a key role in the war against the United States. He replaced To Huu as vice prime minister in June.

Mr. Wiesner, president emeritus of the Massachusetts Institute of Technology, served as science adviser to Presidents Kennedy and Johnson. Mr. Tsipis is a physicist at MIT. They contributed this comment to The New York Times.

People seem to doubt that coming changes will be enough.

talk freely with visitors about the need for younger leaders who have more energy and imagination. Since early this year, "criticism and self-criticism sessions" have been held around the country. Last month provincial committees held congresses to prepare for the national congress. Vietnamese press reports indicate that two problems dominated the discussions: leadership succession and the economy.

Mr. Chinh headed the party in the 1950s but lost his position after taking responsibility for "serious mistakes" in the land reform movement in the North. Vietnamese officials and Western diplomats in Hanoi believe that Mr. Chinh is only an interim leader until the congress. Some East European diplomats think he might try to hang on to the job. These Communist officials point out that he is acting more and more like a leader and has been unusually busy in attending meetings and making speeches since Mr. Duan died.

Another problem is age. "Old cadres have been trying to cling to their positions," Le Due Tho, a party strategist who was Vietnam's main negotiator at the Paris talks ending the war, wrote in the May issue of "Communist Review." "They have been sitting behind desks day in and day out reading reports. They cannot be active and go down to the grass roots level." Mr. Tho said, "and are thus unable to provide effective leadership."

The writer, a professor of law and international organization at Columbia University, was a participant during the Kennedy administration in the U.S.-Soviet negotiations on "General and Complete Disarmament." He contributed this comment to The New York Times.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

IN OUR PAGES, 75 AND 50 YEARS AGO 1911: Talks on Morocco 1936: Nobel Winners STOCKHOLM — The Nobel Prize for Literature was awarded by the Swedish Academy of Literature (on Nov. 12) to the American dramatist Eugene O'Neill, author of a long list of powerful and unorthodox plays running from "Beyond the Horizon" in 1919 to "Days Without End" in 1933. Mr. O'Neill is the second American author to win the Nobel Prize, the first being Sinclair Lewis, who was given the award in 1930. The new honor paid to Mr. O'Neill does not refer to any single unit of his work but to the body of all his plays. At the same time, the Swedish Academy of Sciences decided to divide the Nobel Prize for Physics between Dr. Carl Anderson, of Pasadena, California, for his discovery of the positron, and Dr. Victor Hess, of the University of Innsbruck, Austria, for his discoveries in the cosmic ray.

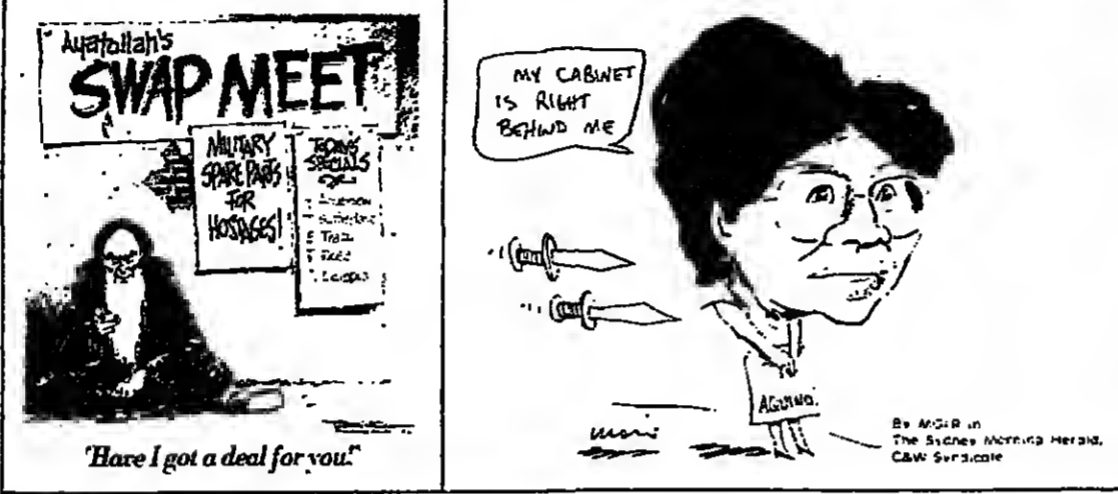
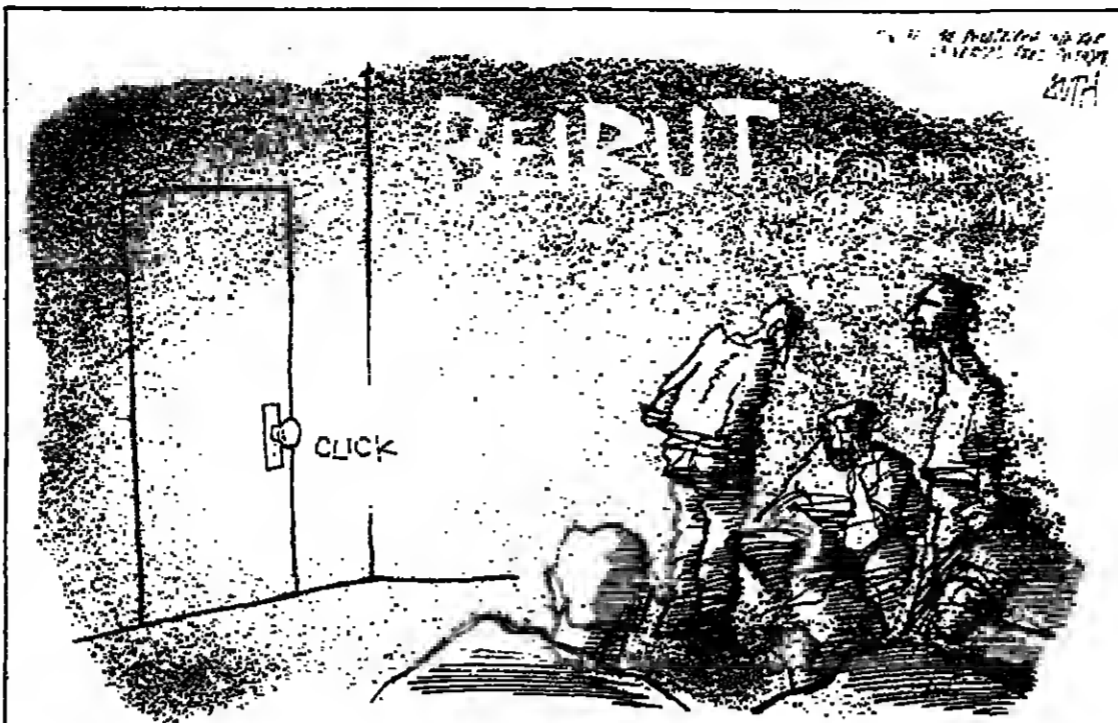
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OPINION

A Talk With Mario Cuomo Between Tough Campaigns

By Anthony Lewis

BOSTON — Mario Cuomo won 65 percent of the votes in New York, but his campaign drew much criticism. Mean and selfish, I called it in a column after the election. That comment brought a call from Governor Cuomo. "I am a trial lawyer," he said in the telephone call. "Maybe that's why I'm so combative-sounding and am called a bully. I'm used to the courtroom. Matilda says that at dinner on a good day I sound like an affidavit. "In the courtroom you can't use hearsay. But in the press, if someone started saying it 16 columns ago it goes on." It was an unusual call: not the standard politician's lament but a stream of facts and musings, delivered with gusto and laughter. From the campaign past it went on to the future: to 1988. He began with complaints that he was rough in challenging the candidacy of an outsider, Abe Hirschfeld, for lieutenant governor, and in demanding that the Republican candidate for governor, Andrew O'Rourke, disclose his tax returns and his law clients before debating him. "Mean? I don't think so. Hirschfeld we put to the same test as Lyndon LaRouche. When they challenged Hirschfeld's petitions, I asked if they had evidence of fraud. They said they had 400 affidavits—400! Three times editorials in The New York Times said the allegations of fraud were technicalities. Three times the courts disagreed. "O'Rourke I handled badly. I was for disclosure, but I shouldn't have made it a condition. We did have one debate." But he did not accept the charge that, although way ahead, he did little to help other Democrats—in particular to help Mark Green, who lost badly in the Senate race to the conservative Republican incumbent, Alfonse M. D'Amato. "Mark Green's a friend of mine," the governor said. "I gave him \$50,000 of my own money. The last three days I campaigned with him every day. I took on D'Amato. There's no way I could have done more for him." He said much more about the Senate race, going back to the primary and before that. When the governor paused, I asked whether his sensitivity to criticism of this campaign indicated that he was thinking of national office. "People expect Byzantine, Machiavellian logic from politicians," he said. "But the truth is simple. Trial lawyers learn a good rule: Don't decide what you don't have to decide. That's not evasion, it's wisdom. "I don't have the right to say, 'I won't consider national office.' That would be arrogance. But if you wanted to lay the groundwork for a national campaign, there would have been a dozen things to do that I didn't do. New Hampshire: I was there for the governors' conference. What would have been the harm of a little speech? California: Let the people there give me the fund-raiser they wanted. I did go to Florida for Bob Graham and Texas for Mark White — I could have gone all over the place. Now you win, you set all kinds of records... I have no choice but to think about it. "But the criterion will not be, 'Do I have fire in my belly?' The first guy who has fire in the belly I'm voting against! Who needs the presidency? The worst sin would be going because I need it. "The test should be: Is there anyone who can do it better, or at least as well, who has the same chance or a better chance to win? If that's the test, I wouldn't be the least bit surprised if I concluded that there are better people out there. Or that I've left it too late. "I don't expect people to believe me. There are patterns in this world; people want things. Look at the governors of New York: Grover Cleveland, Franklin Roosevelt, Dewey, Harriman. "There are more interesting things to talk about in this country. Think of the economic problems—agriculture, a disaster; manufacturing down, our trade imbalance, the budget deficit, the monetary problems of Mexico, Brazil... "The whole country is losing its productive capacity... We want to spend \$1.5 trillion on defense, and someday the Japanese are going to be making the weapons for us. Those are the real problems, not whether I debated." The notes I made, and the space available to reproduce them, do not really capture the essence of his conversation. Mario Cuomo may not be perfectly consistent but he is interesting. The New York Times.



Menopause: An Advantage Men Have to Cope Without

By Ellen Goodman

BOSTON — I have a friend who is in his late 40s and trying to decide whether he wants to have children. This is not exactly a new question in his life. He has talked about it through 10 years and 10 relationships. Talked about it with women who were not quite ready, with women who were eager and with women who had already had their fill. Another friend is just past 50, just past one divorce settlement and three college tuitions. The current and younger woman in his life now wants to begin up those options. Which is, when you come to think of it, an advantage. If a number of single American men suffer from what the pop psychologists call the Peter Pan syndrome, it may be biology that has destined them for Never Never Land. There is, for some, rooted in this lifelong fertility, the sense that as fatherhood is open-ended so is life. It allows some men to postpone so much, even maturity. I do not want to exaggerate this. I don't believe that fertility makes most men less aware of mortality. But it makes it marginally easier for men than for women to be alienated from their own life cycle. It makes it marginally easier for them to postpone parenthood and also to push off the realization of coming age. The physical symptoms of male menopause in the current jargon include a pulled muscle, a gray hair, an elevated cholesterol count. At midlife, men wrestle with limits. A 45-year-old will never again be the "youngest success" at anything; indeed, he may never live up to his own expectations. But this is not a demarcation line. There is no clear change of life. There remains, at least in theory, the biological ability to start, or start again, to create. This possibility dangles over some men's lives in ways that do not always work in their favor. Women are hardly without biological options. They have, for the most part, 30 or 35 years before they run out. But the knowledge that fertility is finite gives a contour to a woman's life. It heightens her sense of timing. It may even help her to feel more in sync with each stage. In this age, our psyches are not as tied to our biology as in the past. There are millions of us who choose to close options by sterilization. But I suspect that this biological difference lingers. What I have witnessed is not only the indecisiveness of my two middle-aged male friends, but the shock that senior citizenship brings to their elders. It seems to me that men have a much harder time coming to terms with retirement and old age than do women. Age seems to spring upon some men. Women, on the other hand, have an earlier warning system built in. It may be easier for men to postpone the realization of age and harder to cope with it when it inevitably arrives. I offer no solution for this imbalance and, no, I do not wish menopause upon my friends. They will have to make do with their minds. But for most of time menopause has been looked upon as a female disadvantage. From my listening post, I am not so sure. Not so sure at all. Washington Post Writers Group

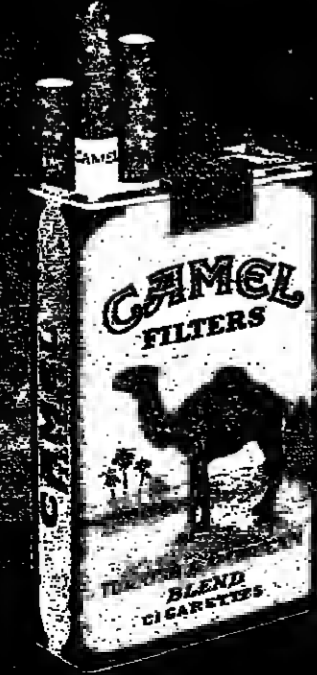
LETTERS TO THE EDITOR

Allegedly on the Fence I note with some frustration on your front page of Oct. 29 that the Syrian involvement in an attempt to blow up an Israeli airliner remains merely "alleged," and also that the fuss about Kurt Waldheim's wartime activities still rests on nothing more substantial than allegations. If a British court judgment (on Syria) and documentary proof (about Mr. Waldheim) cannot get you off your fence, what has to happen before you can tell your readers that something has ceased to be hearsay and has become fact? Perhaps you next will begin referring to Ronald Reagan as the alleged president of the United States? HANS R. REINHARDT, Geneva. Nakasone and the Emperor Can we please get this straight, then lay it to rest? Prime Minister Yasuhiro Nakasone of Japan did not denigrate ethnic diversity. He did not claim that blacks and Hispanics fail to enrich, even to excel in, many areas of American life. He did not call them second-class citizens. He merely pointed out that their academic performance is inferior to that of other groups, which is undeniable. Reaction in the West was typical of a society that has lost the nerve to admit that the emperor is naked. ANTHONY C. SMITH, Megève, France. Helsinki to Japan, flying over the North Pole, as early as April 1983, three years before the two airlines mentioned. USKO MAATTA, Press Secretary, Finnair, Helsinki. The article overlooked the significant role played by Thai International and the city of Bangkok in long-haul flights. Two-way, nonstop service between Bangkok and Europe was started by Thai International in April 1977, when Bangkok-Athens flights were established using DC-10-30 aircraft. After adding the B747-200 to its fleet, Thai International began nonstop service to and from Rome in December 1979. Overflight rights secured from the Soviet Union permitted nonstop operations between Bangkok and Copenhagen (October 1981) and Bangkok and Frankfurt (April 1982). SAS began nonstop Bangkok-Stockholm service in January 1985, and Thai International in October 1986. Lufthansa offers nonstop service on the Bangkok-Munich route, and Finnair on the Bangkok-Helsinki route. N. LUMHOLDT, Vice President, Thai Airways International, Bangkok.

General News

At a U.S. University, a Costly Quest for Glamour Backfires

By William E. Schmidt, New York Times Service COLUMBIA, South Carolina — For officials at the University of South Carolina, it began as a matter of academic strategy: To gain national visibility, they would hire well-known public figures as lecturers and part-time teachers. But in recent weeks, James B. Holderman, the university president, and a number of "distinguished visiting professors," including Ihan Sadat, the widow of the Egyptian leader, and Lyn Nofziger, a former top political aide to President Ronald Reagan, have found themselves at the center of an argument here. As the result of a judge's ruling in a lawsuit filed by a student journalist, school officials disclosed last month that they had paid hundreds of thousands of dollars in public funds in salaries and expenses to a small group of visiting lecturers and professors. In a state so hard up for money that public employees are facing a mandatory pay freeze, and where tuition for university students has been raised twice in the last two years, the disclosures about the salaries to visiting lecturers have aroused anger on and off campus. But university officials defended the practice, saying that it creates excitement on campus and helps draw private contributions. The largest sum for visiting lecturers, about \$313,000 in salary and expenses, including flights to and from Cairo, was paid to Mrs. Sadat for three semesters she spent lecturing to one class a week. Mr. Nofziger and others, including Robert MacNeil and James Lehrer, the public television news commentators, and Howard Simons, the former managing editor of The Washington Post, are each receiving \$30,000 to \$45,000 this semester to appear on campus one to three times a month. Jonathan Knight, associate secretary of the American Association of University Professors in Washington, said the group lacked national data on such salaries, but that he believed the sums being paid at South Carolina to be unusually high. The average salary of a professor at the University of South Carolina is \$34,100 a year, and the salary of its president, Mr. Holderman, is \$84,000, according to Debra Allen, a university spokeswoman. In defending the salaries paid to visiting lecturers and professors, Chris Vlahopoulos, the executive vice president for administration, said: "There's no question that it's helpful, just as it's helpful to have a winning football team. And we put a lot of money into that, too." According to statistics provided by the university, its endowment fund has grown to \$34 million from \$3.9 million in 1977.



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Chirac Bill Would Bar Automatic Citizenship To Foreigners' Children

By Richard Bernstein
New York Times Service
PARIS — France's conservative government, faced with public concern over the presence of large numbers of foreigners in France, proposed a law Wednesday that would change the definition of a French citizen.

For the last 59 years, any person born in France, even if both his parents were foreigners, automatically became French, provided he had lived in this country for at least 5 years.

If approved by Parliament, the law would take away the right to automatic citizenship, requiring such people to apply for French citizenship before a judge. There are about 17,500 of these people among the 100,000 people who become naturalized French citizens each year.

The text of the new law, adopted at a cabinet meeting Wednesday, was criticized by President Francois Mitterrand, a Socialist, on the ground that it would "marginalize" thousands of young people, born of

foreign parents, who, he said, "are already torn between two cultures."

But the government's adoption of the change seemed a response to a powerful wave of anti-foreigner sentiment in this country, fueled in part by the rise of the extreme-rightist National Front.

The front, which has 34 seats in the National Assembly, has used the alleged threat posed by foreigners to France's cultural identity to become a major force in this country.

"Whether we are Jews, Christians, Protestants or Moslems, we are above all French," Prime Minister Jacques Chirac said in a speech to Jewish leaders over the weekend.

"It is for that deep reason that the government wants the acquisition of French citizenship not simply to be automatic, but to result from a choice that commits the individual."

The text of the law has been the focus of sharp debate in France for several months.



Francois Mitterrand

U.S. Bishops Voice Respect For Vatican On Discipline

The Associated Press

WASHINGTON — The National Conference of Catholic Bishops, after a long discussion of "misunderstandings" within the church, said Wednesday that the Vatican's disciplining of a fellow bishop "deserves our respect and confidence."

The statement was released after five hours of private meetings Tuesday and Wednesday in which several bishops pressed for at least a mild protest of the Vatican action. Others argued that such a step would be improper and an embarrassment to Pope John Paul II.

The action concerned Archbishop Raymond G. Hunthausen of Seattle, who recently was ordered by the Vatican to turn over much of his authority to an auxiliary, Bishop Donald Wuerl.

Church officials in Rome had judged Archbishop Hunthausen to be too liberal in such matters as ministering to homosexuals and divorced Catholics and dispensing absolution for sins to large groups.

The American bishops, in a statement read by their president, Bishop James W. Malone of Youngstown, Ohio, said, "The issues raised here touch on the relationship between the local church and the universal pastor," the pope.

"Bishops exercise their office in communion with him and under his authority."

"On this occasion, the bishops of the United States wish to affirm unreservedly their loyalty to and unity with the Holy Father," the statement said.

"With specific reference to Seattle, while we are not authorized to judge the facts of the case, I believe it is clear that the process employed by the Holy See was in accord with general principles of church law and procedures," said the statement read by Bishop Malone.

"The decision reached at the end of the process was made by proper church authorities. As such, it deserves our respect and confidence."

"While there appear to have been misunderstandings at one point or another along the way, the need now is to look to the future, not the past, and carry out the decision," he said.

Archbishop Hunthausen, in a statement released after the meeting, said he had asked the bishops to help him resolve the controversy. He also criticized the secrecy of the Vatican investigation, saying he was not allowed to see the formal report or face his accusers.



Queen Elizabeth II, accompanied by the Duke of Edinburgh, arriving at Westminster Hall to open Parliament.

Tax Cut, Sale of Firms Is Pledged in Britain

Reuters

LONDON — The British government pledged Wednesday to sell more state-owned industries and cut taxes, while reaffirming its main foreign policy goals in its program for next year.

In a ceremony full of pomp and pageantry rooted in 1,000 years of British history, Queen Elizabeth II announced the main points of the government's program, which essentially continued present policies.

Political commentators noted that the program was relatively modest, adding to speculation that the Conservative government of Prime Minister Margaret Thatcher intended to call early elections next year.

The government repeated its intention to cut public spending as a proportion of national income from 44 percent at present to 41.5 percent in 1989-90.

This would allow the government to deliver on its promise of reducing the basic rate of income tax from its current level of 29 percent, although no timetable has been set.

The target announced in March was 25 percent.

The process of selling off state industries and utilities is to be continued with shares to be issued over the next 12 months in British Gas PLC, British Airways, Rolls-Royce

Ltd. and the British Airports Authority.

The privatization of the four companies, with a combined turnover of £13 billion (\$18.5 billion) will mean a 40 percent reduction in the state sector since 1979.

Major new features of domestic legislation will include a criminal justice bill allowing the assets of convicted criminals to be confiscated and an increase in penalties for possession of firearms.

The government also underlined its continued commitment to arms control and the fight against international terrorism.

The queen restated the government's obligation to the people of its Falkland Islands colony but said Britain would continue to seek more normal relations with Argentina.

Relations with Argentina have taken a turn for the worse since Britain decided last month to unilaterally declare a fishing restriction zone around the Falklands, drawing a protest from Buenos Aires.

The queen also restated Britain's commitment to Gibraltar and to continuing the negotiations begun with Spain in 1984 over the status of the colony and on economic cooperation.

Soviet Accuses Pretoria in Jet Crash

The Associated Press

MOSCOW — A Soviet civil aviation official accused South Africa on Wednesday of using a high-powered radio transmitter to scramble instruments aboard the plane that crashed last month, killing Mozambique's president.

The deputy aviation minister, Ivan F. Vasin, did not say whether the Soviet Union had specific evidence to back the claim, which he called "the only conclusion" that could explain the crash Oct. 19 that killed President Samora Machel and 35 others.

Mr. Machel was flying in a Soviet-made TU-134 jet, piloted by a Soviet crew, when it crashed inside the South Africa-Mozambique border after straying off course during an approach to Maputo airport in Mozambique.

Mr. Vasin dismissed the possibility that instruments aboard the plane had failed or that navigational errors led it off course, although he acknowledged that the investigation of the accident was not finished.

Mr. Vasin said the plane was following a radio beacon transmit-

ted from Maputo airport and had followed its proper course until it was about 60 miles (100 kilometers) north of Maputo.

At that point, he said, it veered 35 degrees to the right, or southwest, and crashed in hills just over the South African border.

Agreement on Recorders

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet. Agence France-Presse reported Wednesday, quoting the South African press agency SAPA.

UN Report Details Torture in Afghanistan

New York Times Service

UNITED NATIONS, New York — A United Nations human rights report on Afghanistan released this week cites widespread atrocities by government and Soviet troops.

"Largely typical of the atrocities," the report said, were the bombing of villages, the disemboweling or kicking to death of villagers

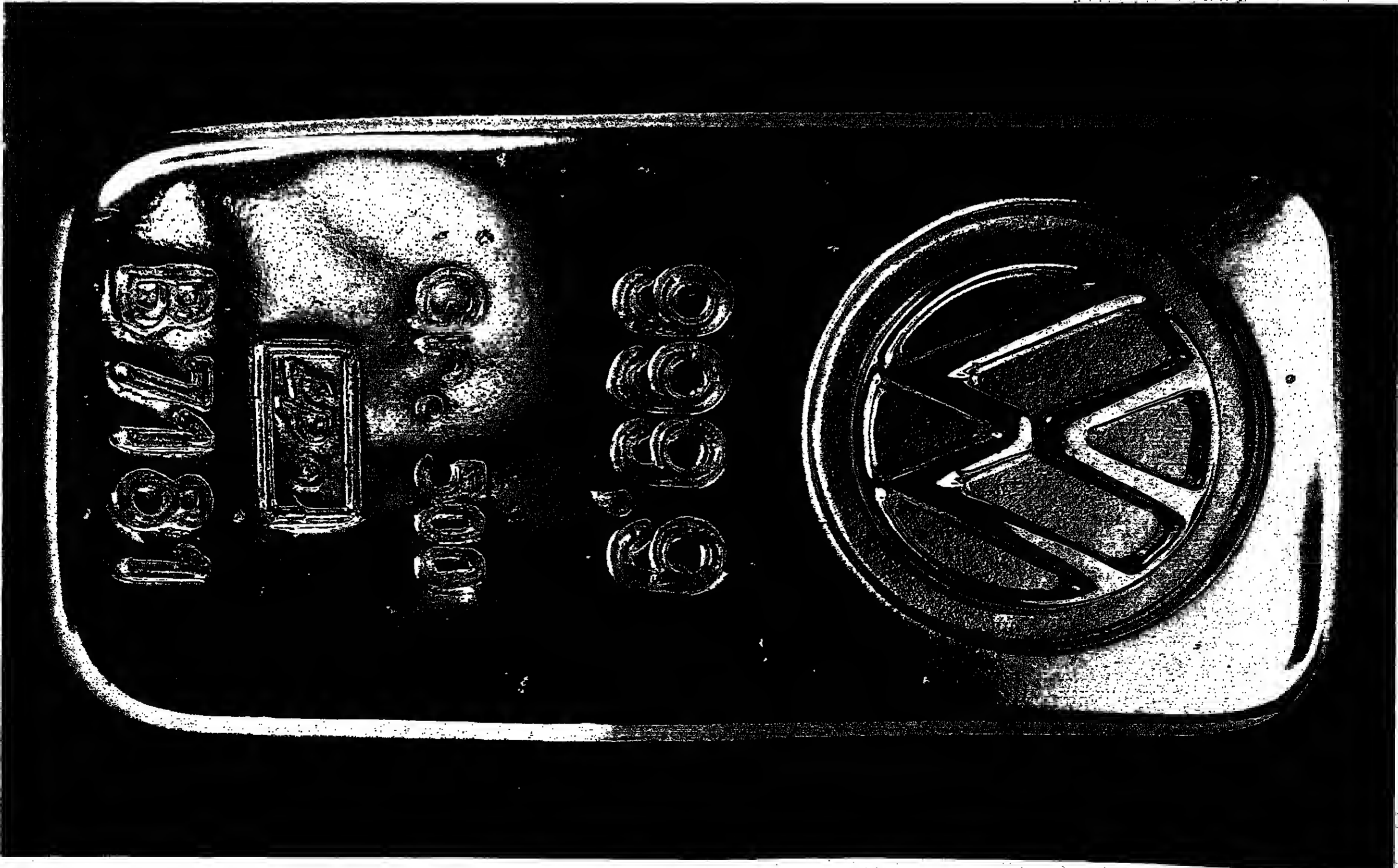
and the use of explosives disguised as toys. The report, released Tuesday, found widespread torture in Afghan prisons, including the pulling out of fingernails, systematic beatings and humiliating conditions.

More than 100 villages have been bombed and 10,000 to 12,000 civilians have been reported killed in the last nine months, the report stated. It said that groups fighting the government "command the

support of the vast majority of the population."

The report was compiled by Felix Ermacora of Austria, a special investigator on Afghanistan for the UN Human Rights Commission. It will be considered by the General Assembly this fall.

A report to the rights commission in February predicted that "continuation of the military solution will lead to a situation approaching genocide."



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SCIENCE

Race of Apes Seen as Killed By Early Man

By Malcolm W. Browne
New York Times Service

NEW YORK — Early Stone Age man may have wiped out a race of monster apes that would have towered over their predatory human contemporaries, recently reported evidence suggests.

The evidence, a remarkable assemblage of fossils discovered by Vietnamese scientists, has prompted American anthropologists to mount an expedition of their own to the site in Langson Province of northern Vietnam. Although details of the find are sparse, Soviet scientists familiar with the area have confirmed the potential importance of the discovery and encouraged the Americans to pursue their investigation.

In a gesture seen as a modest political overture toward the United States, the Hanoi government has granted two American anthropologists permission to visit the site, where the bones of *Homo erectus* and his stone weapons are said to be mingled with the remains of the ape *Gigantopithecus*, the largest primate known to have lived.

Gigantopithecus had been thought by some paleontologists to have died out long before the rise of man and proof that the huge ape was actually a contemporary of *Homo erectus* would call for re-examination of the chronologies of primate evolution. *Homo erectus* was a Pleistocene-epoch ancestor of modern man.

The Americans, Dr. John W. Olsen, of the University of Arizona, and Dr. Russell L. Ciochon, of the University of California at Berkeley, plan to begin their one-month sojourn in Vietnam in mid-December. Besides examining the fossils discovered by the Vietnamese, the Americans intend to evaluate the potential of the site for future anthropological study.

"We first heard of the site in 1983," Olsen said. "We were working in China at the time, where we encountered some Vietnamese anthropologists who told us of the discovery. The find was apparently accidental. The ancient bones seem to have been turned up in the course of digging bat excrement

out of limestone caves for use as fertilizer."

Since then, Dr. Olsen said, he and other scientists have vainly asked their Vietnamese counterparts for details about the site and its fossils, which are believed to be roughly a half million years old. Dr. Olsen said he understood the site to be at Thum Khuyen north-east of Hanoi, in a range of sugar-loaf-shaped limestone mountains shot through with ancient sinkholes, caverns, and underground streams.

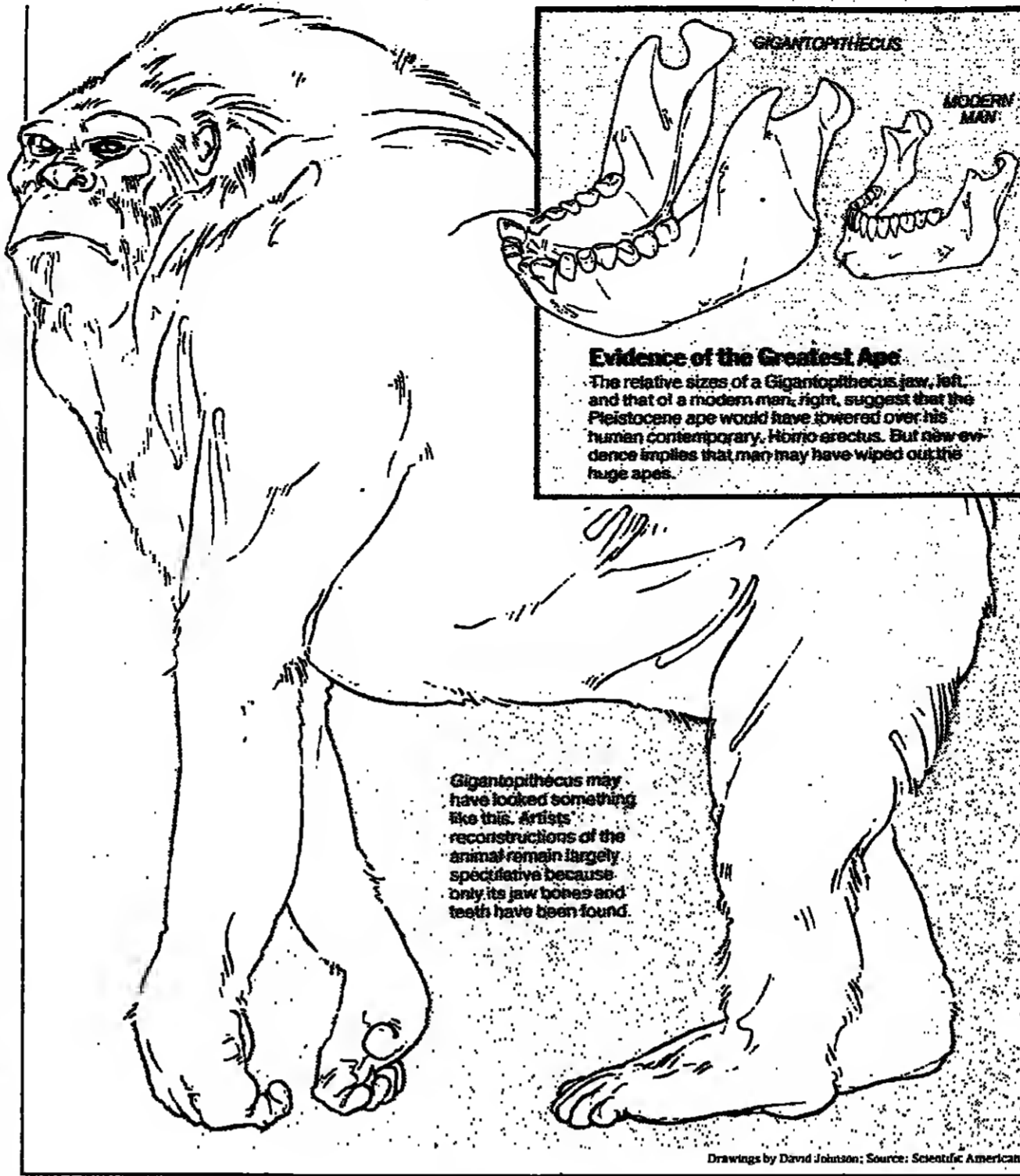
The anthropologist said he had been urged to pursue the investigation by Dr. Pavel Borisovskiy, a Soviet scientist whose own excavations in Vietnam were halted in the late 1960s by American air raids. The Soviet anthropologist said that before he was compelled to leave Vietnam he had come upon some tantalizing hints about the character of human existence during the Pleistocene epoch, 1.8 million to about 100,000 years ago.

"It's been maddeningly frustrating," Dr. Olsen said. "We think the Vietnamese have found something really important; but, lacking details about the nature of the fossils and the geological situation at the site, we've found it impossible to evaluate the discovery. That's why we've been so anxious to visit the place and see for ourselves. We've been asking for three years, and we're delighted that Hanoi has finally agreed."

The American said he considered himself the beneficiary of a change in Hanoi's stance toward the United States, by which scientific and cultural exchanges will be encouraged. The expedition has been underwritten by the L. S. B. Leakey Foundation of Pasadena, California, and is sponsored by the U. S. Committee for Cooperative Exchange with Vietnam.

Gigantopithecus has been cloaked in mystery ever since its fossil remains were accidentally discovered in a Hong Kong pharmacy 51 years ago.

Fossil bones were highly regarded in China as "dragons' teeth," which, when ground up and eaten, were supposed to be potent medicines. Among the Western scientists



Gigantopithecus may have looked something like this. Artists' reconstructions of the animal remain largely speculative because only its jaw bones and teeth have been found.

Drawings by David Johnson; Source: Scientific American

who regularly sorted through the stores of "dragons' teeth" collected by Chinese pharmacists was G. H. R. von Koenigswald, a Dutch paleontologist who in 1935 spotted an immense tooth from a previously unknown primate.

Von Koenigswald found several more teeth from the same type of ape in other Hong Kong pharmacies. Paleontologists soon realized that if the body of the animal were of the same scale as its teeth, which resembled those of a gorilla, it must have been a veritable King Kong, standing nine feet tall (2.74 meters) and weighing 600 pounds (270 kilograms). The genus was thus by far the largest primate known to science, and was accordingly named *Gigantopithecus*, or gigantic ape. Since 1935, scientists have found

hundreds of *Gigantopithecus* teeth and some jawbones of corresponding size at sites in Pakistan and China. But apart from some barely identifiable chips, few other bones of *Gigantopithecus* have ever come to light, and attempts at reconstructing the animal have remained largely speculative. Olsen believed the ravages of ancient hyenas may explain the difficulty of finding *Gigantopithecus* bones other than jaws and teeth.

"We know that hyenas were contemporaries of *Gigantopithecus* in mid-Pleistocene China," he said of the time 700,000 to 100,000 years ago, "and we know how modern hyenas in East Africa feed. When they devour the carcass of a large animal, they eat everything except the teeth and jawbones, which are too difficult to chew up."

The paucity of *Gigantopithecus* bones has led to uncertainty and vigorous scientific debate over the years. At one time, several leading paleontologists advanced the theory that *Gigantopithecus*, which seems to have shared various physical features with the orangutan, may have been a hominid ancestral to man. However, the current preponderance of scientific opinion, Dr. Olsen said, is that *Gigantopithecus* was a dead-end offshoot from the pongid line of evolution that led to present-day gorillas and chimpanzees.

The evidence found in Vietnam seems to suggest, he added, that although *Gigantopithecus* was apparently the last of its gargantuan evolutionary line, the animal may have survived to a much later time than had been previously suspected, and was, in fact, a contemporary of man.

"We now believe," he said, "that *Gigantopithecus* became extinct during the mid-Pleistocene, perhaps surviving until about 300,000 years ago, or even a bit later. Some of our Chinese colleagues would say, in fact, that some form of *Gigantopithecus* might have survived to this day as the so-called yeti, or abominable snow man."

The American team hopes to find artifacts and fossils in Vietnam that will bring *Gigantopithecus* into sharper focus and fix the genus more securely within the theoretical framework of primate evolution. He also hopes that an investigation will shed light on the predator-prey relationship that he suspects existed between *Homo erectus* and *Gigantopithecus*. If reports from Vietnam are borne out, he says, *Gigantopithecus* may prove to have been no match for man, despite its enormous size and presumed strength.

"I believe that the mountain gorilla faces today the same fate at the hands of man as did *Gigantopithecus*," he said.

IN BRIEF

Defective Cell's Function Is Altered

NEW YORK (UPI) — A routine experiment to correct a genetically defective cell yielded a surprise for genetic engineers — the tampered cell changed its function, a British science journal reported.

Genetic engineers have been correcting defective cells for years by a method called "gene targeting," a process in which a normal strand of DNA is introduced into a cell with an abnormal strand. Ideally, the two DNA strands bond and the cell becomes normal. In most cases, scientists said, the cell simply dies.

But Mario Capecchi, a biologist reporting in *Nature*, said several cells in his gene targeting experiments not only survived but unexpectedly changed their function. "If we can understand how it occurs then maybe we can work with it, use it," he said.

Crabshells Make Good Suture Thread

NEW YORK (NYT) — University of Delaware researchers have found a way to turn crabshells, millions of pounds of which are discarded each year by the Delmarva Peninsula's crabmeat industry, into surgical suture thread that slowly dissolves in the body, is nonallergenic and, remarkably, promotes wound healing as a side effect.

The shells of crabs, as well as those of all other crustaceans and insects, are made of a tough material called chitin. Fifty years ago chemists knew that chitin, a carbohydrate made of many tightly chained sugar molecules, was a natural polymer with potentially useful properties, but before they could find a way to dissolve shells and turn chitin into a more usable form, nylon was invented and synthetic polymers claimed most chemists' attention.

In 1975, however, Paul Ausin of Delaware's Sea Grant Program found a solvent that turned crabshells into a liquid that could be extruded and then coagulated into tough fibers. Now a Japanese firm, Unitika Ltd., has begun making suture material from chitin. Although surgeons have other dissolving suture materials, they sometimes cause allergic reactions and are not stable in alkaline regions of the body such as the urinary tract and the pancreas. Chitin sutures overcome both drawbacks.

Scientists Discover the Size of Pluto

WEST BERLIN (Reuters) — West Berlin scientists say they have discovered that Pluto, the planet farthest from Earth, is significantly smaller and denser than previously thought.

Manfred Pakull of the Technical University said he and his assistant, Klaus Reinisch, had measured Pluto's diameter as 2,200 kilometers (1,375 miles), plus or minus 140 kilometers. This compared with previous estimates ranging up to 2,900 kilometers.

"This means the planet is denser than we thought, and makes it clear that Pluto is built like the moon, we know, rather than being a huge ice-like comet body as some had suspected," Pakull said. The two scientists gauged the planet's diameter by taking light readings from ESO La Silla observatory in Chile as it eclipsed its moon, Charon. "Our results back up the theory that Pluto may originally have been a moon of Neptune," Pakull said. Neptune is Pluto's nearest neighbor in the solar system and far bigger.

Electronic Birth Control Battery

NEW YORK (UPI) — A birth control device that kills sperm by trapping them in a low-level electric field across the cervix has been patented by a gynecologist who says now is the time for a high-tech alternative to traditional methods.

Dr. Steven Kasli, medical director of the Women's Medical Pavilion in Dobbs Ferry, New York, said that his birth control device has proven 100 percent effective in laboratory and animal studies, but must be tested in humans. "Of course, nothing is really 100 percent effective all the time, but these are the highest odds yet for a birth control method," he said.

Dr. Kasli said the low-level electronic field is created by a miniature battery only 2 millimeters thick and 7 millimeters long — about the size of a quarter inch of a cotton swab. He said the battery can either be placed in the cervix and anchored like an intrauterine device, or applied by attaching it to a diaphragm. It works by sending an electrical charge through mucus on the cervix.

Mapping the Northern Sky

PALOMAR MOUNTAIN, California (LAT) — Astronomers have begun charting the most detailed and far-reaching map of the heavens to serve as the primary reference atlas of the northern sky.

The project will take five to seven years and will involve the painstakingly slow process of taking 5,000 photographs or more of the night sky — each exposure lasting about an hour — and then making the best available to observatory libraries around the world.

"There's a lot of excitement in this because it's the kind of mapping that Sir Francis Drake or Magellan may have done," said Bob Brucato, assistant director of the Palomar Observatory. "This survey will be providing us views we've never seen before" of heavenly bodies, including clusters of distant galaxies.

Life-Extending Substance Is Found

NEW YORK (NYT) — Seeking a means of extending human life span, biologists at the University of Louisville have discovered a substance that they say seems to lengthen the lives of mosquitoes by 50 percent.

According to a report by Dr. John Richie and his colleagues in the *Proceedings of the Society for Experimental Biology and Medicine*, the addition of nordihydroguajaretic acid (NDGA) to the mosquito diet dramatically lengthens life span. Mosquitoes live for 24 days on average, but mosquitoes fed NDGA while they are growing can expect to live for 35 days.

Addition of the chemical to a mosquito's food increases longevity only when it is fed to the mosquito while the insect is young and growing rapidly, the investigators say.

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Soviet Union Dubs Planet 'Samantha'

The Associated Press

MOSCOW — A minor planet orbiting between Mars and Jupiter has been named after the late American schoolgirl Samantha Smith, who made a great impression on the Soviet people during her visit in 1983, Tass reported.

Tass reported from Kiev on Tuesday that the astronomer Lyudmila Chernykh, who discovered the planet previously known as No. 3147, had proposed it be renamed after Samantha, who died in a plane crash near her home in Maine in August 1985. The Soviet suggestion was endorsed by the International Planetary Center in Cincinnati, Tass said.

It said Samantha's planet orbits close to another minor planet named after Tanya Savicheva, a Soviet girl who died during the World War II siege of Leningrad and left behind a diary chronicling her family's suffering and death from starvation.

"Like Tanya, Samantha lived a short life but shone brightly in it," the Kiev astronomer was quoted as telling Tass. "Let two minor planets ... remind people that one cannot rest easy until the threat of war is removed."

The Soviet Union has named several things, including a large diamond, a flower and a mountain peak in the Caucasus, after Samantha Smith. She came to the Soviet Union as the guest of the late President Yuri V. Andropov, who had received a letter from her. She became an instant celebrity and was treated as something between a movie star and a head of state.

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LUXEMBOURG IN THE NEWS

A report for international decision-makers

■ II/86

Luxembourg's growing contribution to the development and scope of international capital markets

By K. IRL, GRI, FN

The role of many financial institutions in intermediating between lenders and borrowers has been altered significantly during the past five years, and this process has not yet reached its end. Liberalization measures in a number of major financial centers and the emergence of new financing instruments are at the root of these changes. "Marketability" of both assets and liabilities is the key word. Consequently, "securitized" lending is gaining in importance against the once dominant syndicated loan business.

Such developments are having a dramatic effect on the structure of the balance sheets and profit and loss accounts of most international banks. Growth in classical Euro-lending has been slower in recent years compared with the booming seventies. Yet, the income of the vast majority of Luxembourg-based banks held up well against the problems of worsening country risks and deteriorating lending margins.

A Bank of England compilation of international banking figures by centers shows that the share of international bank lending of the three largest banking centers together (London, New York and Tokyo) has been falling during the last two years, from over 50 percent in 1983 to 48.4 percent in 1985 (end-September), and this despite a strong growth of loans booked in Tokyo. The major rise was in the share of continental European centers, among them Luxembourg. By volume on the books the latter now ranks fifth among the leading international banking centers, after the United Kingdom, the United States, Japan and France.

It is from such a base of strength that Luxembourg-based institutions continue to diversify into fee generating activities. Not only have they been able to change their funding ratio between non-bank and bank deposits (from 1:8 in 1979 to 1:4

in 1985), but they also have increased their non-interest income by more than 65 percent from 1982 to 1985. While the former fact indicates a distinct rise in private banking activities, the latter reflects partly a growing importance of securities-related transactions.

Substantial Eurobond Activity

Except for 1982, the number of Eurobond issues with a Luxembourg participation in the syndicate has constantly been over 20 percent of the total. The continuing weight of these commitments was again mirrored in last year's underwriting statistics.

The important role of Luxembourg in the Eurobond market did not emerge by accident. Damien Wieng, executive director of Kredietbank S.A. Luxembourgise and until recently chairman of the Associ-

ation of International Bond Dealers, stresses three direct contributions by Luxembourg to the success of the Eurobond market: "imagination, placing power and a strong presence in the secondary market." By no means does such a claim appear exaggerated.

As for new ideas, new techniques and new instruments introduced to improve the flow of funds from lenders to borrowers, Luxembourg banks were prominently involved from the inception of the Eurobond market. What is generally recognized as the first ever Euro issue, a 5 million unit of Account bond issue for the Portuguese company Saco, was launched by a Belgu-Luxembourg group in 1961. Later in 1965, when the Eurodollar bond as such was born in the form of the famous US \$ 15 million 15-year issue for Autostade of Italy, it seemed only natural at that time that the five-strong management group included a bank from Luxembourg. In 1981, the first ever ECU bond deal, an issue for Saft, subsidiary of STEF

(Societa Finanziaria Telefonica per Azioni, the Italian state company of the telecommunications industry, was brought to the market by a Belgu-Luxembourg group. Ever since, Luxembourg-based institutions have continued to play leading roles in developing the ECU. This is illustrated by the fact that in 1985 the ECU was the fourth most used denomination in the international bond markets after the US dollar, the Swiss franc and the D-mark.

For Luxembourg banks to be in the forefront of so many new issues also reflects an international recognition of their extraordinary placing capacity, both with institutional and with private investors. In particular, they maintain close contacts with medium-sized insurance companies and pension funds. In addition, what is usually called in-house placing has significantly gained in importance during recent years.

Volker Birghagen, managing director of Compagnie Luxembourgise de la Dresdner Bank, summarizes the reasons behind Luxembourg's popularity with the wealthy international investor under these headings: "Legislation on bank secrecy, existence of a full universal banking system, no minimum reserves, no VAT on gold, no disturbing tax regulations for foreign customers, an efficient banking supervision, political and social stability, no sudden and tough changes in the legal environment relevant to investors - in short, a high degree of reliability."

242 Investment Funds

A further indication of Luxembourg's importance as a turntable for the funds of private investors is the growth of the investment fund sector. The number of

	1981	1982	1983	1984	1985
All currencies					
Issues where Luxembourg banks participated in the underwriting syndicate					
Volume	3,207	7,125	10,000	16,769	35,332
Percentage of total	21.8	10.7	22.7	23.4	26.0
Issues quoted on the Luxembourg Stock Exchange					
Volume	11,058	20,928	27,760	40,987	81,176
Percentage of total	15.1	47.0	61.9	57.5	65.5
ECU					
Issues where Luxembourg banks participated in the underwriting syndicate					
Volume	208	680	1,573	2,004	4,262
Percentage of total	100.0	100.0	91.0	100.0	62.1
Issues quoted on the Luxembourg Stock Exchange					
Volume	208	680	1,714	2,604	6,585
Percentage of total	100.0	100.0	100.0	100.0	98.5

Source: Luxembourg Monetary Institute

these funds registered in Luxembourg reached 212 by the end of June 1986.

In addition to a growing involvement in the management of these funds, Jean Pierson, member of the executive committee of Banque Paribas (Luxembourg) S.A., observes that Luxembourg institutions supply the full range of services necessary to administer and run investment funds. He adds: "The availability of direct computer connections ensures efficient communication between administrator, adviser and manager." Pierre Jaans, head of the Luxembourg Monetary Institute, has welcomed the growing number of investment funds as an enrichment and a diversification of the financial center of Luxembourg and indeed calls it "a trump in the international financial environment marked by a shift of activity from the traditional syndicated credit activity to a market for a wide range of bonds and other marketable instruments."

banks of the Association of International Bond Dealers the Grand Duchy is, next to the United Kingdom and Switzerland, one of the most important regions of the Association.

Practically all sectors of the Eurobond market are thus being served from Luxembourg. But there are, of course, certain market sectors for which international dealers cannot but regularly call on Luxembourg names when they try to establish going prices. Among these are bonds denominated in ECU's, D-marks, Japanese yen, and Dutch guilders.

As barriers between domestic and international markets are coming down and new investment and lending techniques are being developed, the infrastructure of the international capital markets needs constant improvement and adaptation. Here again, a Luxembourg-based organization is in the forefront of progress. Cedel, one of the two major international securities clearing houses, has since its inception in 1970, made a remarkable contribution to the development of cross-border transactions.

Luxembourg's Stock Exchange

The health of any market must always be judged by the existence of a liquid and smoothly functioning secondary market. Regarding the Eurobond market in particular, Luxembourg has from the beginning been contributing substantially to the provision of such a secondary market. One important formal pillar for the transparency of the Eurobond market is indeed provided by the listing facilities of the Luxembourg Stock Exchange. Its 45 page official price list gives quotations for almost 4,000 securities, some 87 percent of which are for Eurobonds denominated in 20 different currencies or currency baskets. All in all, two-thirds of the volume of all public Eurobond issues representing issues for more than 1,600 different borrowers from 55 countries are Luxembourg-listed.

Compared with a global secondary market turnover in excess of US \$ 2.5 trillion per annum the actual turnover on the stock exchange is certainly less impressive. Eurobond transactions are dominated by a dealer market provided by market makers who themselves communicate electronically all over the world. Moreover, the president of the Luxembourg Stock Exchange Commission and general manager of Banque Generale du Luxembourg S.A., Jean Meyer, points out that by looking as well for "beyond deals for size only" and by serving the small end-investors, the Luxembourg Stock Exchange is providing a particular market segment with essential liquidity.

Luxembourg contributes significantly to the smooth development of the international bond market. With 80 member

The Role of Cedel

Owned by 100 institutions from 15 countries, it directly serves almost 1,700 participating banks, brokerage houses and other financial institutions located in 60 countries by eliminating physical transfer of securities between sellers and buyers on a worldwide scale. Cedel also provides a number of ancillary facilities linked to the settlement of cross-border transactions. More than 15,250 issues are now being cleared through Cedel. They include Eurobonds, floating rate notes, and convertible bonds, Yankee bonds, US Treasury bonds, Samurai bonds and Swiss franc foreign bonds, German domestic bonds, Eurobonds, Eurocommercial papers and certificates of deposit issued in London, New York, Luxembourg, Hong Kong and Singapore as well as internationally traded options and gold bullion. At end-June 1986 some US \$ 171 billion worth of issues were held by Cedel under central administration. Turnover in 1985 reached US \$ 762 billion.

Of particular importance, according to Cedel chairman and member of the executive board of Banque Internationale à Luxembourg, Edmond Israel, is the fact that Cedel is the main central safekeeping and clearing institution for financing instruments denominated in ECU's. Furthermore, he underlines "the double role of Luxembourg as a banking center within the global market as well as the financial capital of the European Community."

The coming of age of the ECU

The ECU market is growing to impressive size. The use of the ECU as a unit of account in international transactions has increased rapidly during the last four years. Future growth prospects look bright. Luxembourg - from where the first ideas for a "European Currency" originated and where ever since imaginative applications of the concept of a European basket currency have been intensely cultivated - is set to benefit from a further substantial broadening of worldwide interest in the development of the ECU.

Nothing demonstrates the success story of the ECU better than a recent advertisement in a U.S. publication under the headline: "The ECU has a future in New York." Sixteen years after Pierre Werner, the former prime and finance minister of Luxembourg, vigorously advocated the concept of a European Currency Union there are still as many currencies within the European Community as there are members. But far beyond any official progress towards full formal recognition of the child that later, in 1979, was christened "European Currency Unit" (ECU), market forces have started to adapt the idea with overwhelming enthusiasm.

Already in its 1985 Annual Report the Bank for International Settlements was prompted to state: "In view of the high degree of diversity of the ECU market and its broad institutional underpinning, there can be little doubt that the use of the ECU will be a lasting feature of the international financial markets." How well established a phenomenon the ECU has become, at least among professional and institutional participants in the international capital markets, is highlighted by the following observation of Jean Krier, member of the executive board of Banque Internationale à Luxembourg: "Not long ago," he remarks, "most people had to resort to their calculators in order to arrive at the going interest rates for ECU-denominated paper by weighting the

various basket components. Today, ECU yields and their spreads, although related to those of component currencies, are increasingly considered as having their own existence."

At present, the ECU consists of fixed quantities of the currencies of ten of the twelve European Community member states. Those of Spain and Portugal are expected to be included in the basket by 1989. These quantities depend on a number of periodically reviewed criteria related to basic economic factors.

Although the weight of the component currencies in the basket as well as the actual market value of the ECU are linked to currency fluctuations, the relative stability of the ECU in a world of highly volatile foreign exchange rate markets is widely acknowledged. This is, of course, not only the result of administrative EMS rigidities, but also of the fact that the ECU represents a mix between stronger and weaker currencies. The ECU, in its own way, reflects the economics of a major region of the globe which are gradually converging.

ECU: A Brief Survey

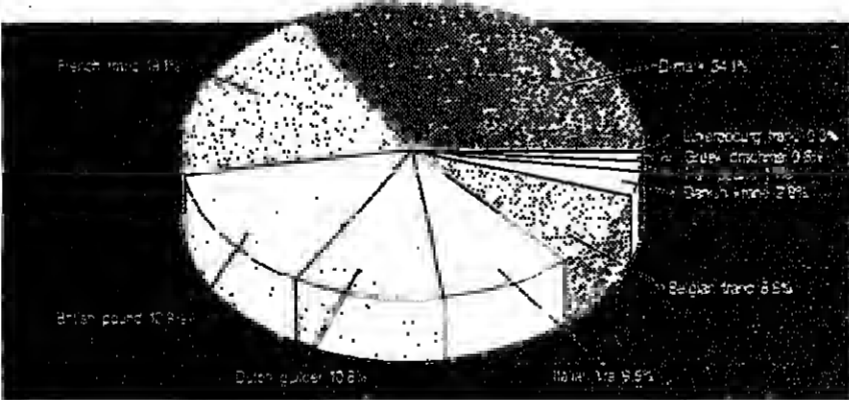
Although a limited number of private transactions were pioneered before 1981, the ECU did not receive much more than the benefit of curiosity by banks outside Luxembourg until this date.

Since then, the role of the ECU as an investment and lending currency has systematically been broadened, not least with the active support of Luxembourg-based institutions, including the European Investment Bank.

The use of the ECU in the international banking market has been growing impressively since 1982. Bank assets have al-

ways been higher than liabilities suggesting that the difference is being funded with ECU component currencies directly. At the same time, the use of the ECU in the international bond market literally exploded.

Weight of the component currencies in the ECU basket



This development was accompanied by a proliferation of available instruments both in the Euro market and in a number of domestic capital markets. In addition to conventional straight issues and among available instruments, appeared ECU floating rate notes, ECU zero coupon bonds, ECU paper with participation warrants and convertible bonds. ECU issues with extendable maturities and issues with adjustable bonds. At the short end of the market, ECU certificates of deposit, both fixed and with floating rates, have frequently been launched.

In the money market, the number of banks actively participating is estimated to have reached several hundred with approximately a dozen acting as market makers. The ECU is bought and sold spot and forward against practically all other convertible currencies, an additional feature being the beginning of thriving ECU futures and ECU options trading.

At present, a widely spread opinion is that the role of the ECU could be further extended not only as an investment and trading vehicle, but also as a means of invoicing commercial transactions. Thanks to increased acceptance of the ECU by private and corporate users, the basket currency is receiving growing official recognition.

Luxembourg banks have always been among the most enthusiastic protagonists of a development which now has reached a phase when the internationalization of the ECU is becoming more obvious with

each day. More and more portfolio managers in various countries have been verified to place larger parts of their assets under management in ECU's. ECU borrowers, who up to now predominantly are names from Italy, France and the Euro-

pean institutions, are increasingly coming from Japan, Scandinavia, the United States and Australia as well.

Moreover, a clearing system of the ECU set up by various banks has been functioning since October 1, 1986.

Growing ECU Appeal

It is only natural that along with such a growth and diversification of the market the ECU cannot remain the sole property of any particular financial center. So far, business has been concentrated mainly in five countries, France, Belgium, Luxembourg, Italy and the United Kingdom, with the United States and Japan also showing encouraging signs of increased interest in developing the ECU market.

While banks in Italy account for the bulk of total bank claims on non-banks, while banks in the United Kingdom specialize in the interbank market and banks in France are in a somewhat intermediate position, banks in Belgium and Luxembourg account for a very large share of total ECU cross-border lending to non-banks and at the same time attract a sizeable amount of ECU deposits from non-banks. Investment portfolios and deposit accounts of investors of all sizes with Luxembourg banks are indeed proof that, as ABBL president Remy Kremer puts it, "the private investor strongly believes in the future of the ECU."

	Assets	Liabilities
December 1982	6.5	3.5
December 1983	11.9	10.9
December 1984	28.2	22.5
March 1985	37.1	29.9
June 1985	38.8	33.4
September 1985	39.6	42.4
December 1985	54.5	48.3
March 1986	61.4	54.9

e = estimated. Source: Bank for International Settlements; ECU Newsletter.

Mr. Jacques Grosjean, Press Secretary, ABBL Luxembourg Bankers Association, B.P. 15, L-2010 Luxembourg.

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Vol.	High	Low	Last	Chg.
Amoco	4622	23 1/4	23 1/4	+ 1/4
Amgen	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4
Amtrak	2343	23 1/2	23 1/2	+ 1/4
Amway	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4
Amstar	2343	23 1/2	23 1/2	+ 1/4

NYSE 3 a.m. volume	133,271,000
NYSE 3 a.m. close	142,642,000
NYSE 3 a.m. volume	9,276,000
NYSE 3 a.m. close	9,276,000
NYSE 3 a.m. volume	9,276,000
NYSE 3 a.m. close	9,276,000
NYSE 3 a.m. volume	9,276,000
NYSE 3 a.m. close	9,276,000

Composite	High	Low	Close	Today
NYSE	142.14	141.74	142.14	+0.40
Composite	142.14	141.74	142.14	+0.40
Composite	142.14	141.74	142.14	+0.40
Composite	142.14	141.74	142.14	+0.40
Composite	142.14	141.74	142.14	+0.40

Wednesdays
NYSE
Closing
Via The Associated Press

Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues

Prev. Today	Week	Year
Prev. Today	Week	Year
Prev. Today	Week	Year
Prev. Today	Week	Year
Prev. Today	Week	Year

Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.

Bonds	Prev.	Today
Bonds	Prev.	Today
Bonds	Prev.	Today
Bonds	Prev.	Today
Bonds	Prev.	Today

Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues

Nov. 11	Nov. 12	Nov. 13
Nov. 11	Nov. 12	Nov. 13
Nov. 11	Nov. 12	Nov. 13
Nov. 11	Nov. 12	Nov. 13
Nov. 11	Nov. 12	Nov. 13

Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.

High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today

Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues
Advanced	Declined	Unchanged	Total Issues

High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today
High	Low	Close	Today

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

NYSE Lower in Active Trading

NEW YORK — Prices on the New York Stock Exchange were lower late Wednesday in active trading, pressured by early weakness in the bond market and profit-taking.

The Dow Jones industrial average was off 7.73 to 1,888.22 at 3 P.M. At midday, it had been off more than 10 points. Declines led advances by a 4-3 ratio.

Volume at 3 P.M. was about 133.27 million shares, up from 96.55 million in the same period Tuesday.

Traders said a weak bond market and some profit-taking hurt equity prices early in the session. Also, traders said selling intensified every time the Dow approached 1,900. But when bonds rallied in the mid-afternoon, the stock market began trimming its losses, they said.

"Equity investors seem to be taking their cue from the bond market," said Peter Furniss, vice president in equity trading at Smith Barney, Harris Upham.

Mr. Furniss said some investors were feeling cautious before Thursday's release of data on the U.S. money supply. The Federal Open Market Committee, the policy-making arm of the Federal Reserve Board, said recently that it might respond to the rapid growth of currency in circulation by letting interest rates rise.

With an hour left to trade, Archer-Daniels-Midland was the most-active NYSE issue and

gaining. Drexel Burnham Lambert said a turnaround had started in the corn and grain milling industry.

Eastman Kodak was up sharply. Kodak said it expected record sales this year and thought operating earnings next year could approach a record.

Holiday Corp. was rising. It announced a recapitalization plan that will give shareholders a \$65-a-share cash distribution.

BankCorp. jumped 7 1/4 to 24. It received a \$25.50-a-share buyout proposal from a company formed by senior management members.

E.F. Hutton was gaining. Hutton, which Saturday said it had ended merger talks with competitor Shearson Lehman Brothers, refused to comment Tuesday on rumors that it may be acquired by U.S. West, the regional telephone company.

CBS was up sharply. It said it had received inquiries from companies interested in buying its records division.

Some insurers were lower after officials of Chubb Corp. said the rates they could charge for property casualty policies are declining. Chubb, American International Group and General Re were all down sharply.

Among other issues near the top of the active list, Ranger Oil and USX were gaining.

Among blue chips, AT&T, Goodyear, IBM, General Motors and General Electric were all lower.

Mobil was up, but Exxon and Pennzoil were down.

Unocal was up slightly after jumping 1 1/4 Tuesday on a rumor that it might be the target of a friendly bid from Standard Oil. Both companies declined to comment Tuesday.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

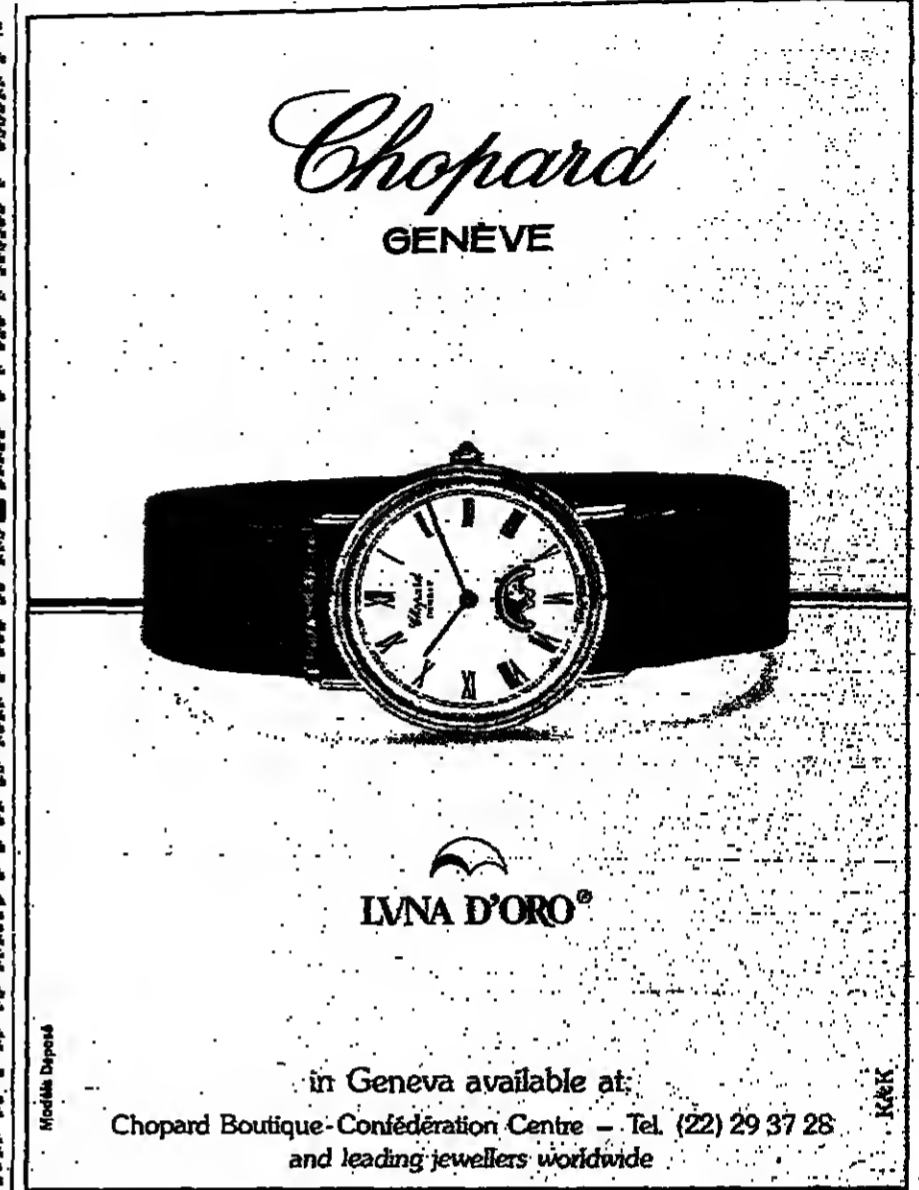
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.



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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
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12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.
12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Close	Chg.

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Statistics Index table with columns for AMEX, NYSE, Dow Jones, etc.

THURSDAY, NOVEMBER 13, 1986

WALL STREET WATCH

Fidelity Fund Changes Style, but Not Its Profits

By VARTANIC G. VARTAN

New York Times Service

NEW YORK — Replacing an eminently successful mutual-fund portfolio manager is a tough assignment.

Fidelity OTC seeks capital appreciation by investing primarily in over-the-counter securities.

This performance was topped only by the Fidelity Overseas Fund, which achieved a return of 78.68 percent by investing in foreign securities.

Morris J. Smith's philosophy: Place your largest bets on stocks you like best.

Mr. Stuka had a knack of finding small — and sometimes obscure — unlisted stocks.

At Fidelity OTC the 29-year-old Mr. Smith has demonstrated a different management style.

Currently the fund's five largest stock positions, in order of size, are Kemper Corp., St. Paul Cos., Bank of New England, Tele-Communications and Dime Savings Bank of New York.

The largest single sector is invested in financial stocks — property-casualty companies, life insurance companies, savings and loans and regional banks.

THE LONG LIST of bank and finance issues also includes such names as Boatmen's Bancshares, Centere Bancorp, Citizens Financial Group, Corestates Financial and Crossland Savings.

Other holdings in this sector include Barris Industries, Cablevision Systems, Comcast Corp. and Lin Broadcasting.

An estimated 30 percent of Fidelity OTC's investments is in listed companies.

Among larger holdings in listed issues are Warner Communications, Beverly Enterprises and Triangle Industries.

Saudia Deferral Reported

Airline May Ask Loan Extensions

Reuters

MANAMA, Bahrain — Saudi Arabian Airlines, the kingdom's national carrier and the biggest airline in the Middle East, delayed repayment on two loans totaling almost 1.6 billion riyals (\$426 million) earlier this year, banking sources said Wednesday.

The two main creditor banks, National Commercial Bank and Riyadh Bank, have been considering with Saudia the possibility of seeking a further deferral on the credits, the sources said.

Saudia, which last year carried 10.8 million passengers on international and domestic flights, has had a liquidity problem stemming in part from Saudi Arabia's budget austerity and in part from an economic slump throughout the Gulf region.

Banking sources said Saudia had a first-quarter operating loss, although it has not given exact figures to its bankers.

The first credit, signed in February 1982, was for 626 million riyals and the second, signed in March 1984, was for 973 million riyals. Both were guaranteed by the Saudi Finance Ministry.

Banking sources said the syndicate banks for both loans agreed to push back for one year repayments falling due in February and March 1986.

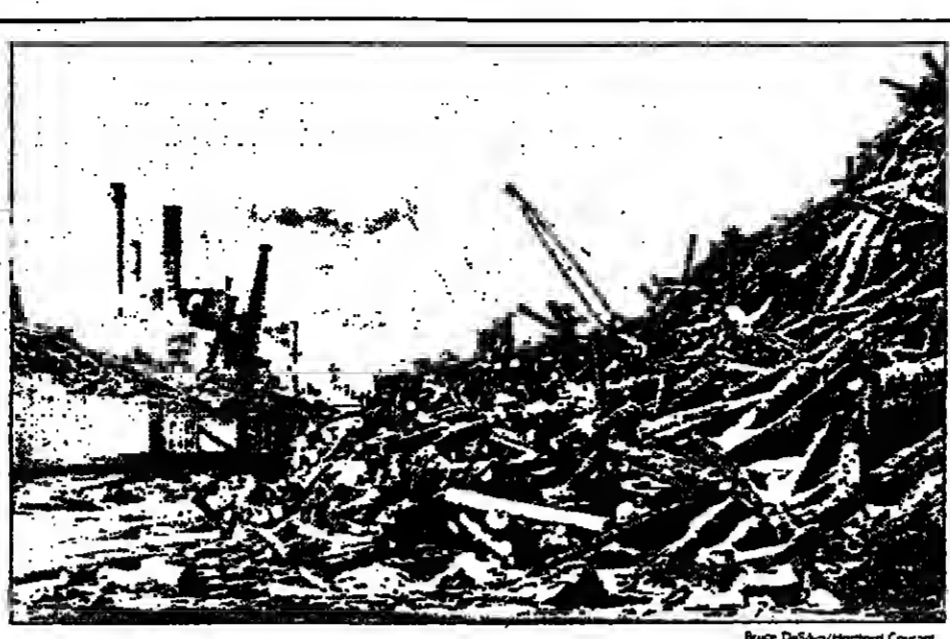
Since mid-October Saudi Arabia has been leading a drive within the Organization of Petroleum Exporting Countries for a fixed oil price of at least \$18 per barrel, about \$3 more than market rates now.

Some bankers say they think that Saudia, with the still huge financial backing of the kingdom and its oil reserves, has an underlying strength and creditworthiness that would allow it to tap capital markets to raise short-term funds through commercial paper.

Others say they are resigned to having to delay repayments further if formally approached by Saudia's two major banks.

A spokesman for Saudia in Jeddah was unavailable for comment and the two major banks declined to comment on the loans.

Saudia is not alone in facing problems in the competitive Middle East market where some airlines have unofficially cut prices to preserve their market share.



International Paper Co.'s mill at Jay, Maine, on the Androscoggin River.

U.S. Paper Industry Still Uneasy

By Jonathan P. Hicks

New York Times Service

NEW YORK — Executives of U.S. paper companies remain cautious about the outlook for an industry they contend is still threatened by a high level of imports in some product lines and worldwide overcapacity in other areas.

They also cite a growing number of new foreign producers who are developing the ability to compete for market share in the United States.

"Foreign competition is still affecting the industry and it is still affecting the volume and prices of products," said Robert C. Williams, president of James River Corp. of Virginia, the largest U.S. paper and pulp manufacturer.

Analysts and economists, on the other hand, say that even though imports have increased, they may have reached their peak in the last year.

And they note the growing level of exports this year, particularly of bleached board paper, used in such products as milk cartons, and of linerboard, which is used in making boxes.

Nevertheless, industry executives insist that global competition remains a threat to them. When the dollar was at its peak, they say, that brought European producers to the U.S. market and also prompted other countries to develop substantial paper industries.

Brazil is expected to increase its pulp production capacity by 25 percent in the next four years, and the Brazilians are developing a relatively new source of pulp: the eucalyptus. American producers are developing the eucalyptus.

China's leaders have said for some time that as many as nine more markets will be founded in other cities around the country.

China's bankers peppered their Western counterparts with questions about liquidity problems, new financial products and the potential difficulties in raising capital in Western markets.

But they add that European feelings over trade problems with Japan still ran high and it seemed unlikely that Europe would give up so important a port.

European sources said European Community finance ministers will tackle the issue again at a meeting in Brussels on Nov. 17.

A U.S. official said Paul A. Volcker, chairman of the U.S. Federal Reserve Board, and Secretary of State George P. Shultz were said to favor a Japanese, which they feel would reflect Japan's role as the world's foremost creditor nation.

Toyo Gyoosen, Japan's vice minister of international finance, and Shijuro Ogasaka, former deputy governor of the Bank of Japan, top an informal list of Japanese candidates, the sources said.

Wickes Agrees To Buy Lear in \$1.7-Billion Pact

The Associated Press

SANTA MONICA, California — Wickes Cos., the U.S. retailing conglomerate, says it has agreed to acquire the aviation company, Lear Siegler Inc., in a transaction valued at \$1.7 billion.

The merger agreement announced late Tuesday follows Wickes' accord last weekend to buy Collins & Aikman Corp., a major New York textile concern, for \$1.16 billion.

The two merger agreements may make Wickes into a conglomerate with more than \$8 billion in sales and \$6.5 billion in assets, less than two years after it emerged from bankruptcy protection.

In both cases, Wickes, which had sales of \$2.8 billion last year, indicated that it hopes to use its extensive resources to help the companies expand more quickly than they could alone.

"We think the marriage is an excellent one," Wickes' chairman and chief executive, Sanford Sigoloff, said of the Lear Siegler accord.

Wickes declined to comment on speculation that it intends to sell off some of Lear Siegler's assets, particularly its troubled Piper Aircraft unit.

Besides Piper, the main businesses of Lear Siegler, founded in 1954, are systems for sophisticated flight control and navigation systems for commercial and military aerospace industries, auto components such as seating, suspension systems and windshield, electronics, farm equipment, handguns, and sailboats.

Wickes currently has three main business segments: lumber, building materials and home furnishings; apparel and hosiery; and manufacture of auto and truck parts and electronic components.

Norman Barkeley, who will retain his positions as chairman and chief executive of Lear Siegler and become a director of Wickes, was enthusiastic about the transaction.

"Our directors believe this is a very attractive business combination," Mr. Barkeley said.

For the past two weeks, Lear Siegler had been the target of a hostile takeover bid by AFG Partners, a combination of the glassmaker, AFG Industries Inc. and the Midland, Texas, oil concern Wagner & Brown.

Since Wickes entered the bidding Monday, Lear Siegler had faced the choice of taking the Wickes offer and losing its independence or rejecting it and being faced with a renewed onslaught by AFG Partners, probably for less money.

Wickes agreed to pay \$93 a share for Lear Siegler's 17.9 million common shares at \$33.50 each for its 177,000 preferred shares.

Wickes said it will commence a tender offer Thursday for all of Lear Siegler's stock. That offer will expire Dec. 31 unless extended.

Wickes, with 28,000 employees, and Lear Siegler, with 29,000, are based in Santa Monica.

Because of the action by AFG Partners and speculation that preceded it, the price of Lear Siegler's stock jumped from around \$35 in early October to a high of \$92 Monday on the New York Stock Exchange. It dropped back to \$91 Tuesday as more than 2.8 million shares traded.

Currency Rates

Table of currency rates for various countries including Australia, Canada, France, Germany, etc.

Other Dollar Values table with columns for Country, Rate, etc.

Interest Rates table with columns for Instrument, Rate, etc.

European Deposits table with columns for Country, Rate, etc.

Asian Dollar Deposits table with columns for Country, Rate, etc.

U.S. Money Market Funds table with columns for Fund Name, Assets, etc.

Gold table with columns for Location, Price, etc.

British table with columns for Instrument, Rate, etc.

French table with columns for Instrument, Rate, etc.

German table with columns for Instrument, Rate, etc.

Japanese table with columns for Instrument, Rate, etc.

Swiss table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Other table with columns for Instrument, Rate, etc.

Another IMF Candidate May Emerge

By Peter Torday

WASHINGTON — Efforts to select the next head of the International Monetary Fund are deadlocked over two European contenders and it is increasingly likely that new candidates will have to be put forward, monetary sources said Wednesday.

Western Europe traditionally selects the IMF managing director. Among other posts crucial to management of the world economy, the World Bank president is a U.S. appointee and Japan names the head of the Asia Development Bank.

Sources in Washington said that, after two months of trying to choose a successor to Jacques de Larosiere of France at the IMF, European support was still split between Finance Minister H. Onno Ruding of the Netherlands and Michel Camdessus, governor of France's central bank.

Mr. de Larosiere steps down at year-end.

"If you still have a deadlock, then there will be a search for another candidate," one source said.

The sources said support is building for either a British or a Japanese candidate to replace Mr. de Larosiere. There have been suggestions of an American candidate, although such a development is highly unlikely since an American, Barber B. Conable Jr., already heads the World Bank.

A U.S. official said Paul A. Volcker, chairman of the U.S. Federal Reserve Board, and Secretary of State George P. Shultz were said to favor a Japanese, which they feel would reflect Japan's role as the world's foremost creditor nation.

Toyo Gyoosen, Japan's vice minister of international finance, and Shijuro Ogasaka, former deputy governor of the Bank of Japan, top an informal list of Japanese candidates, the sources said.

Weekly net asset value table for Tokyo Pacific Holdings N.V.

Information: Pierson, Holding & Pierson N.V.

Herengracht 214, 1016 BS Amsterdam.

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Advertisement for National Westminster Finance B.V., offering \$500,000 Junior Guaranteed FRNs.

Advertisement for Tokyo Pacific Holdings N.V., listing the company's net asset value and stock exchange listing.

Advertisement for Corum watches, featuring a large image of a watch and text about the brand's history and quality.

Advertisement for International Bank Limited, a private bank, listing services and contact information.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE
21 1/2	48 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2

Floating-Rate Notes

Nov. 12

Issuer/Mat.	Common	Head	50	100	150	200	250	300	350	400	450	500
Alcoa Finance Jmt	6.75	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Alcoa Finance Jmt	6.75	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Alcoa Finance Jmt	6.75	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Alcoa Finance Jmt	6.75	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Alcoa Finance Jmt	6.75	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

12 Month High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2

12 Month High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE	52 Wk High	Low	Div. Yld. PE
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2
17 1/2	25 1/2	1.54	2.4	15	53	64 1/2	64 1/2	4 1/2

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NYSE High-Lows

Symbol	High	Low	Change
IBM	112 1/2	111 1/2	+1 1/2
AT&T	48 1/2	47 1/2	+1 1/2
GE	28 1/2	27 1/2	+1 1/2
Westinghouse	24 1/2	23 1/2	+1 1/2
General Electric	28 1/2	27 1/2	+1 1/2

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	Revenue	Profit	Loss
Alco Standard	1,118	148	
Alco Standard	1,118	148	
Alco Standard	1,118	148	
Alco Standard	1,118	148	
Alco Standard	1,118	148	

BUSINESS ROUNDUP

EC Steelmakers Offer Cuts to Retain Quotas

By Heinz Peter Dietrich Reuters BRUSSELS — The major steel companies in the European Community have offered to cut capacity by more than 10 percent if they are allowed to keep the quota system that protects vulnerable producers, industry sources said Wednesday. The plan, which had been expected, was agreed to last weekend in Düsseldorf at a meeting of the steel producers' lobby, Eurofer, the sources said. They added that it was coupled with a demand that the EC nations pay for layoffs that would result from the cuts. Eurofer's offer to cut capacity by 12 million metric tons (13.2 million short tons) by 1990 was made in response to an EC Commission proposal to scrap the quotas that have protected the troubled industry from competition both at home and from abroad. On Oct. 20, EC industry ministers delayed making a decision on the proposal until Nov. 18 to give Eurofer, which represents virtually all the major EC producers, the chance to come up with alternatives. Eurofer argues, in a yet unpublished report, that maintaining the quotas will prevent the market from being flooded by foreign steel and will help maintain the balance of supply and demand within the community, which is essential for the survival of many companies. Since 1980, production quotas have shielded EC steel companies from competition while they undertook a major restructuring that

Ambrosiano Liquidators Go To Court to Recoup Debts

LUXEMBOURG — Liquidators of the collapsed Banco Ambrosiano's holding company in Luxembourg began a court battle Wednesday that they hope will allow them to recoup more than \$450 million from six former officials of the Italian bank. Paul Mousel, a lawyer and one of the liquidators of Banco Ambrosiano Holding SA (Luxembourg), said that the court, Luxembourg's Commercial Tribunal, had been asked to declare the former officials guilty of mismanaging the holding company and the parent bank and thus personally liable for the company's debts. Mr. Mousel said a favorable decision would allow the liquidators to force the officials to personally repay so far unrecovered debts of \$426 million and 56 million Swiss francs (\$33 million). Wednesday's hearing was the first in a case expected to extend into next year, he said. So far, the court has been asked to rule only on whether it has jurisdiction. A decision on this is expected within a month, according to an Ambrosiano Holding lawyer, Georges Baden. The six officials are three former administrators of the holding company, Giacomo Butta, Carlo Cosu, Filippo Leoni, and three former directors of the parent bank in Milan, Ruggiero Mozzana, Carlo Oligetti and Roberto Rosone. Mr. Mozzana's death last month was likely to complicate the case, Mr. Mousel said.

Survey Shows 24.1% Drop in Japan Manufacturers' Profit

AGENCE FRANCE PRESSE TOKYO — The combined pretax profit of Japanese manufacturing companies fell 24.1 percent during the April-September period because of the yen's sharp rise, according to a newspaper survey published Wednesday. The survey by Nihon Keizai Shimbun, a leading financial newspaper, revealed that export-oriented industries such as electric machinery and automobiles were hurt by the yen's steep rise against the dollar. The survey chose 338 major companies that are listed on the first

section of the Tokyo Stock Exchange and that close their mid-term books in September. The list excluded banks and securities and insurance firms. The survey showed that profits of electric machinery manufacturers were down 23.3 percent because of declining exports and semiconductor prices. It also showed that Nissan Motor Co., Japan's second-largest automaker, had its first postwar operating loss in the half-year period. The steel, nonferrous, shipbuilding, shipping and textile industries were all affected not only by the yen's rise but by declines in international prices and slow demand. On Tuesday, Nippon Steel Corp., the world's largest steelmaker, reported a first-half loss of 11.95 billion yen (\$73.7 million), a sharp reversal from a 21.91-billion-yen profit in the first half of 1985. Nippon attributed the decline to slow domestic demand and the rise in the value of the yen. In contrast, nonmanufacturing industries, especially such domestic-oriented ones as real estate and construction, had an 11.7-percent operating profit increase in the April-September period, the survey said.

BUSINESS PEOPLE

GenCorp Promotes Heckel; Signals Shift to Military Wares

By Arthur Higbee International Herald Tribune GenCorp Inc., the diversified U.S. tire, industrial products and television broadcasting company, has named Jack L. Heckel president and chief operating officer. Mr. Heckel has been chairman and chief executive of Aerojet General, GenCorp's highly profitable aerospace subsidiary in La Jolla, California. The New York Times said his appointment as corporate president signaled that GenCorp's major growth lies in missiles and military electronics. Mr. Heckel, 55, takes over the presidency from A. William Reynolds, 52. GenCorp's chief executive, Mr. Reynolds will move up to the chairmanship, succeeding M. Gerald O'Neil, 64, who is retiring. Mr. O'Neil's father, William, founded General Tire & Rubber Co., GenCorp's predecessor, in 1915. Steven G. Ellis, a GenCorp spokesman, said that among the heads of GenCorp's four subsidiaries, Mr. Heckel most closely reflected Mr. Reynolds' management style and philosophy. Mr. Ellis said that the two would work as a team. GenCorp is based in Akron, Ohio. Aerojet makes rockets for the Titan, Polaris and Minuteman missiles and is a leading participant in the Strategic Defense Initiative's research and development. GenCorp's tire operations, however, are caught in an industry suffering from weak demand and stiff price competition. In addition, there is uncertainty surrounding the broadcast licenses of GenCorp's RKO General division. Sears, Roebuck & Co., the leading U.S. retailer, has selected Michael Bozic to become chairman and chief executive of Sears Merchandise Group, which had \$26.5 billion in revenue last year. Mr. Bozic, 45, had been group vice president for planning. He will succeed William E. Bass, who is retiring at 61. "I think the mood at Sears is for change, and Bass just got involved in that change," said John S. Lindschitz, an analyst with Messier & Co. He said that Edward A. Brennan, Sears' chairman, "is

trying to set the pace, and Bozic is a young guy." "His No. 1 challenge will be to strengthen merchandising of Sears' stores and catalog," said M.H. Greenstein, a Bear, Stearns & Co. analyst. "Sears has been a consistent market-share loser." Lloyd's of London, the insurance underwriters, has re-elected Peter N. Miller as chairman for another year beginning Jan. 1. Mr. Miller, 56, has been chairman since 1984. Foster Wheeler Corp. of New York, an international constructor of heavy industrial plants, has appointed Maarten Sark to the board of its Paris office. Mr. Sark, 55, a Dutchman, will retain his present position as head of the Fired Heater Division of Foster Wheeler Europe.

People & Grey Advertising Ltd. of Hong Kong has named Ben Barnes as managing director. His predecessor, Albert Wong, has been appointed executive chairman. Mr. Barnes was transferred from Grey-Daiko in Tokyo. Cleveland-Chiffs Inc. announced

the promotion of Thomas Moore to chief executive officer, succeeding Samuel K. Soovil, who will continue as chairman of the Cleveland-based iron ore, wood products and energy company. Mr. Moore has been president and a director since July. Holiday Inn Tokyo announced that Toshio Osa, 56, its executive managing director, has taken on the additional post of general manager. Asia Pacific Growth Fund Weekly net asset value on 7-11-1986 US \$24.60 Listed on the Amsterdam Stock Exchange Information: Pierson, Halding & Pierson NV, Herengracht 214, 1016 BS Amsterdam.

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CURRENCY MARKETS

Dollar Lower in European Trading

LONDON — The dollar ended generally lower in Europe Wednesday after a day of quiet trading. Dealers in London said market sentiment on the dollar was bearish, because U.S. retail sales and producer price figures for October, due out on Friday, are expected to present a discouraging picture for the U.S. economy.

The dollar closed in London at 2.0247 Deutsche marks, down from Tuesday's close of 2.0358, and at 160.80 yen, down from 162.20. The British pound declined with the dollar, ending at \$1.4270, down from \$1.4392. Weighted against a basket of currencies, sterling closed at 68.5, down from 69.3 at Tuesday's close.

Dealers said the dollar gained brief support from comments by the U.S. secretary of commerce, Malcolm Baldrige, who said the current lower level of the dollar was "more reasonable" and predicted that the market would settle within six months. But the market soon returned to selling dollars and there were few factors to reverse that trend, dealers said.

London Dollar Rates table with columns for Closures, Week, and Year.

STREET: Fidelity Profits

(Continued from first finance page) Mutual funds concentrating on over-the-counter stocks were hit particularly hard this summer. As a result, during 1986 the NASDAQ composite index has lagged well behind other market barometers consisting of big-capitalization issues.

THE EUROMARKETS

Quiet Market Awaits U.S. Economic Data

By Christopher Pizzeo LONDON — Most sectors of the Eurobond market closed little changed Wednesday as operators awaited Friday's batch of U.S. economic data. However, sterling-denominated issues came under pressure as the currency fell.

Deutsche Bank AG launched a 100-million ECU bond issue for the European Investment Bank. The five-year issue pays 7 1/2 percent and was priced at 100 1/4. The issue was quoted at a discount of 1 1/2, inside the total fees of 1 1/2 percent.

The other launch was a 50-million ECU bond for Mortgage Bank of Finland. The issue, lead-managed by Morgan Guaranty, pays 7 1/2 percent over six years and was priced at 101 1/4. It finished outside the total fees of 1 1/2 percent, at a discount of 2.

HOUSING: Neue Heimat Affair Proves to Be Burden for German SPD

(Continued from Page 1) quick to cite the unions' "lack of responsibility," the Neue Heimat affair has provided an ideal opportunity to attack the SPD. "It shows the unions and the SPD don't understand how to responsibly handle money," a CDU official said Tuesday after the buy-back.

The sale to Mr. Schiesser has proven itself to be a short-sighted flop," said Rudolf Seiters, general secretary of the CDU parliamentary faction in the Bundestag. "The leaders of Germany's workers are gambling away their trustworthiness. The lack of trust in the DGB, through its unbelievable lack of responsibility, will have an effect for a long time," he said.

While the trade union movement is far from being seriously hurt by the Heimat debacle, its reputation is badly tarnished. And its once-heralded goal of Gemeinwirtschaft, or communal economy, is in tatters.

The decision came after the banks had said earlier in the day they would not work with Mr. Schiesser. The holding company will appoint a neutral administrator, subject to approval by West German creditor banks. The holding company will take a 51-percent stake in the new company, with the rest going to public and private financing companies involved in real estate. The banks will not take an ownership role.

PAPER: U.S. Industry Remains Uneasy About Imports

(Continued from first finance page) Many product lines have been almost untouched by foreign competition. Also labor costs for American makers have increasingly been brought under control. "Things in the paper industry are not as bad as other areas of the manufacturing sector," said Gary Palmero, an analyst with Oppenheimer & Co. "Only if the industry becomes complacent is there apt to be a long-term problem."

Between 1983 and 1985, imports of coated paper climbed to 8.4 percent of domestic consumption, from 3 percent. In the same period, imported uncoated paper rose to 5.5 percent of the domestic market. And while coated paper represents just 8 percent of the domestic market, it is the most profitable of paper products.

Without the support of the banks, the alternative to the repurchase plan would have been the largest bankruptcy in West German history. In response to the bankruptcy threat, there has been a fire-sale of the major union-owned businesses. Neue Heimat was set up in the early 1950s and was given virtually tax-exempt status, legally required to reinvest all but 4-percent of its annual profit in the business.

Wednesday's OTC Prices NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table A: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table B: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table C: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table D: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table E: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table F: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table G: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table H: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table I: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table J: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table K: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table L: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table M: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table N: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table O: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Wednesday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect local trades elsewhere.

Table P: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table Q: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

Table R: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 3 P.M. Chg.

INDONESIA

Asked about the current economic situation, leading Indonesian economist Dr. Dorodjatun Kuntjono-Jakri had this to say: "Desperate, but I would not worry about it."

To outside observers, Indonesia appears to be in deep economic difficulty. The precipitous drop in oil prices and crumbling commodity market have dealt heavy blows to the Indonesian balance of payments. The 45 percent devaluation of the rupiah in September, a last-ditch effort to curb imports and promote exports, was the third major adjustment in eight years.

However, in Indonesia the situation is never quite what it seems. Though oil is the chief foreign currency earner, the Indonesian economy ultimately is not based on oil or commodity exports but on agriculture and service. Indonesia still is predominantly a nation of smallholders, traders, and roadside food vendors, whose ceaseless trading activity — a mango can change hands a dozen times during the journey from a tree in rural Java to a Jakarta breakfast table — keeps money circulating.

"A GDP growth rate of just a percent a year keeps the whole ball rolling," Dr. Dorodjatun said.

In Indonesia, everyone seems to be selling something to someone else for a tiny profit. This fragmented market economy cushions Indonesia from the disruptive effects of the often chaotic patterns of world trade, and is a key factor in the nation's political calm. Importers, businessmen, professionals and other middle-class Indonesians may suffer at times, but the bulk of the population is largely unaffected.

Indonesia, observers agree, could muddle along for many more years with this subsistence-level economy. But at some point the grave burdens of population — Indonesians numbered 160 million in 1985 — along with substandard infrastructure, education, and health care, would strain even this inherently resilient system.

So Indonesia must industrialize, analysts say, and jump head-first into the world economy. With the heady days of high-priced oil gone forever, "development of non-oil exports" are the magic words in today's Indonesia. The recent presidential decrees governing foreign investment — including relaxed import regulations for export-oriented industries and more flexibility in foreign management — are all aimed at attracting foreign capital and expertise.

Enhancing the export value of Indonesia's vast natural resources is the present priority. Where previously timber, minerals, and rubber were exported in their raw state, new regulations encourage — and often compel — exporters to process goods in some fashion. Timber becomes plywood — Indonesia is the world's second-ranked plywood exporter. Rubber leaves the country as motorcycle tires. Rattan — Indonesia supplies 80 percent of the world's rattan — is woven into lounge chairs, and even some natural gas is being used to manufacture fertilizer destined for shipment overseas.

Though some potential foreign investors might feel some

despair, most resident businessmen are optimistic about the country's prospects. They view the current difficulties as an aberration brought on primarily by external factors.

"Once we get through this economic pause," said John Whiting, IBM representative for Indonesia, "Indonesia should expand at the same rate as the rest of the region."

This view is backed by Indonesia's impressive advances during the past two decades. From the economic shambles inherited by the present government in 1967, careful development policies have created a solid — if still small — economic base.

The most spectacular change has been in rice production. In 1977, Indonesia imported 2.7 million tons of rice. In 1984, no rice was imported. In 1985, a portion of that year's surplus, some 10,000 tons, was donated to African famine relief agencies.

With short-term prospects frankly bleak, attention is now focused on projects oriented toward longer-term returns. Agribusiness, which by nature is a medium- to long-term return investment field, is attracting increasing amounts of investor attention.

"Although short-term prospects are discouraging, the medium- and long-term prospects are very good," said Henk Adams, Indonesian representative of Rabobank, a Dutch bank specializing in agribusiness. "Since an investor must be very selective, it is better to investigate the situation now in order to be prepared to invest when the economy recovers."

Agribusiness is not without its problems. The major one is the government insistence on smallholder participation in any enterprise. In a palm-oil estate, for example, after the first four years there must be a 60:40 smallholder/nucleus estate ratio, with the smallholder share expanding to 80:20 after ten years. Although the state banks are willing to finance any smallholder participation, no one can guarantee the quality or quantity of goods produced by the smallholders.

"An enterprise should be set up to break even on the nucleus estate production," Adams said. "Whatever comes in from the smallholders then will be pure profit."

While the traditional plantation crops (rubber, palm oil, coffee) are still good bets, the most exciting area seems to be fisheries, especially shrimp farming. Primarily through the efforts of the newly established Jakarta World Trade Center, Indonesians are peddling their prawns by the containerload to Europe and the United States.

Indonesia still lags far behind such dynamic East Asia neighbors as Singapore, Taiwan, and South Korea in manufacturing capabilities. Most manufacturing is actually assembly of foreign-trade components for various consumer goods such as automobiles and electronic goods.

Indonesia's high-technology showcase is the Indonesian Aircraft Industries (IPTN) factory in Bandung, West Java. Although the plant does undertake simple assembly of helicopters



The Indonesian government has included the tourism industry in the drive to attract foreign investors, and is emphasizing destinations beyond the obvious attractions of Bali. Here, the statues of Sukarno and Mohammed Hatta in Proclamation Park, Jakarta.

and other aircraft, IPTN also developed and is now marketing the CN-235 short-range turbo-prop airplane under joint venture with CASA of Spain. IPTN has recently entered into a similar agreement with Boeing, MBB, and Fokker to design and manufacture an advanced-technology commuter aircraft.

A great hindrance to manufacturing and other types of investments has been the lack of effective intellectual property rights' conventions. Piracy of films, tapes, and computer software has become a widespread and almost legitimate business, which was brought to world attention this year when Live Aid organizer Bob Geldof accused Indonesian companies of flooding the Middle East with pirated Live Aid concert tapes.

A copyright law is in the works, and may be implemented by next year. Though this will probably not stop the lucrative foreign popular music and software piracy business, an investor will have legal recourse in cases of patent infringement and other serious copyright violations.

Beyond Bali: Great Tourism Potential

Until recently, if one spoke of an impending journey to Indonesia, the response would probably be either: "Surely you mean Indonesia," or "Isn't that somewhere near Bali?"

Now, Indonesia's recognition factor has gone up appreciably. It was aided by Indonesian President Suharto's notable speech at the United Nations Food and Agriculture Organization conference in 1985, and President Reagan's visit to Bali in April 1986. Businessmen in the United States and Europe now tend to show interest when a colleague announces plans to deal in Indonesia.

But Indonesia is not yet a household word. Much of the task of increasing the world's awareness of this island nation falls on Joop Ave, the director-general of tourism. Working with a small budget of US \$2 million — a tiny fraction of the tourism promotion funds spent by other Southeast Asian nations — Ave relies primarily on a well-developed sense of showmanship and a gift for metaphor to market his country.

"Tourism has supplanted steel and concrete as primary materials for building bridges," he said. "With increasing numbers of ordinary people traveling abroad, tourism is becoming the most effective means to increase understanding of foreign cultures."

At present, the nation gathers only a trickle of the current inundation of tourists throughout the Third World. In 1985, less than 750,000 visitors passed through Indonesia, far below Thailand's 2.4 million and the 3.4 million racked up by tiny Singapore.

Ironically, Indonesia, with 13,677 islands spread across 6,400 kilometers, has greater tourist potential than any of its neighbors. A major point is the incomparable culture and tropical paradise ambience of Bali. But the immense geographical and ethnographical diversity of the archipelago, where customs, architecture, and cuisine can change every 50 kilometers, guarantees a limitless supply of tourists travel only to Bali. A few stop off in Yogyakarta, the center of Javanese culture, and Singaporeans and Thais looking for a cheap holiday fly to the Lake Toba mountain resort in North Sumatra.

To attract more tourists — and with them the foreign currency needed to offset the drop in oil income — the government has included the tourism industry in the drive to attract foreign investors. Foreign investment has not been widespread in the tourism sector, because foreign travel agents have not been allowed to operate directly in the country. The large hotels are generally locally owned, with management by international chains. The government has now expressed a "preference" for foreign investment over foreign management. So far, several hotel chains, including Sheraton, have been shopping around, though the large European travel wholesalers "have yet to see the light," according to one local travel industry executive.

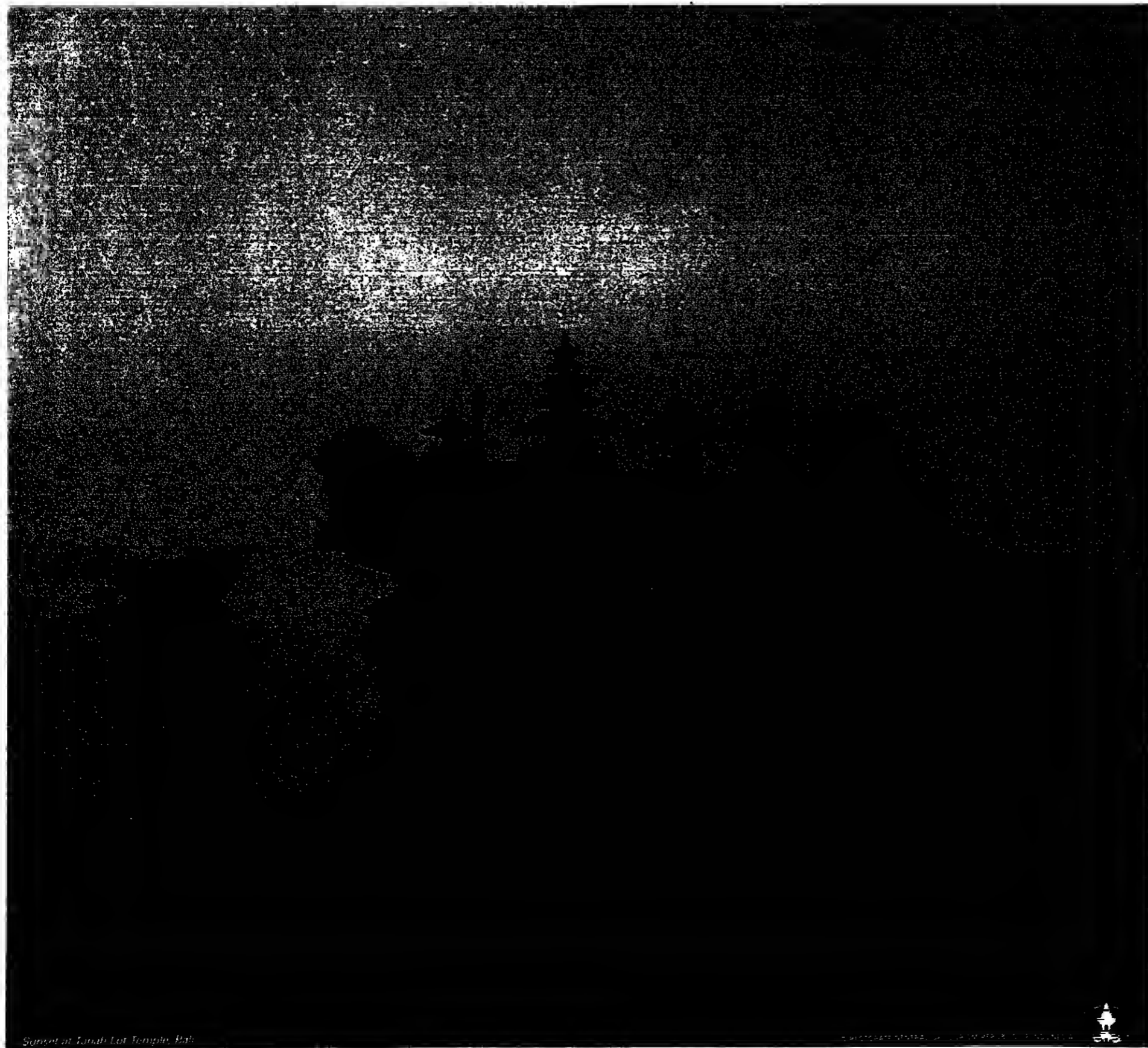
"At this stage, we cannot develop our tourist industry without foreign expertise," Ave said. "I am the last person to kick out any foreigner who is making a contribution, however small, to developing tourism."

This development is not entirely from the ground floor. Bali has been playing host to tourist hordes since the 1930s. Large-scale development started in the early 1970s, with the Hotel Bali Beach towering over the palm trees of Sanur. Although the lack of qualified service staff is a perennial problem with hotels and restaurants, the 15 years of upscale tourism in Bali has created a fairly large body of local professionals.

The Indonesian people themselves seem made for tourism. The

(Continued on Next Page)

FLY THE NEW GARUDA INDONESIA TO THE ISLE OF THE GODS — BALI.



So rich in natural beauty Bali seems almost unreal.

A haven of volcanic mountains, lakes and rivers; of rice terraces glinting in the sun and white sandy beaches.

It breathes history and legend.

There are temples and shrines; ceremonies, rituals, dances and everywhere the tinkling music of gamelan.

If there is an earthly paradise, surely this must be it.

Come experience the magic of Bali.



Fly there with the airline that knows Bali best, Garuda Indonesia.


Garuda Indonesia

Tourism (Continued From First Page)

cliché, that "In Balinese, there is no word for 'foreigner,' the word we use actually means 'honored guest' is Bali Tourist Promotion Board hyperbole, but it is true that the Balinese and other Indonesian ethnic groups enjoy playing host to foreigners. The ready smiles and desire to please of hotel staff are genuine — and often the only compensation for service standards barely tolerable in backpacker-class dormitories.

The tourist infrastructure — at least for mid-range and budget tourists — is now developing of its own accord. Indonesia's burgeoning middle class discovered the vacation, loading the whole family into the Toyota for a two-week roadtrip with the same abandon as their counterparts in the West. Record numbers of Indonesians took to the highways during this year's Lebaran holiday season, staying at mid-range hotels and demanding non-traditional standards of service.

The government is paying attention to the changing demographics of Indonesian tourism. During the 1970s and early 1980s, tourists meant upper-middle class Australians and Europeans lounging in the sanitized comfort of international style hotels, with everything from room rates to a soft drink on the beach denominated in dollars. The government pretended not to notice European backpackers staggering off the third-class train in Yogyakarta, or rowdy Aussies living it up for two weeks on Bali's Kuta Beach.

Left to themselves, the local residents of Kuta, Yogyakarta and a few other areas developed an efficient, practical, budget-tourist infrastructure, learning primarily from the tourists themselves. Literally hundreds of loamen — basic accommodation, usually attached to a residence — have sprung up in the tourist areas, along with restaurants serving passable imitations of Western food.

Although improving facilities for high-rollers such as the walled-in, manicured tourist enclave at Nusti Duri in South Bali are still a high priority, the government is now attempting to organize and assist the small operators by making available low-cost loans for upgrading facilities. A new hotel rating system, weighted in favor of basic items like cleanliness, will not penalize an otherwise adequate hotel for such inappropriate matters as, for example, a poorly stocked wine cellar.

Business in Indonesia: Maddening, but Improving

Only a few misguided businessmen parachute into Jakarta expecting to set up operations with the same speed and efficiency as in the West. Most are prepared to deal with the peculiar and sometimes maddening realities of business life in Indonesia.

"Business here is based more on personal contact," Henk Adams of Rabobank said. "Anyone who comes to Jakarta for a few days to explain the procedures for a business venture, then flies away again expecting everything to be done when he returns, learns that is not the way to do business."

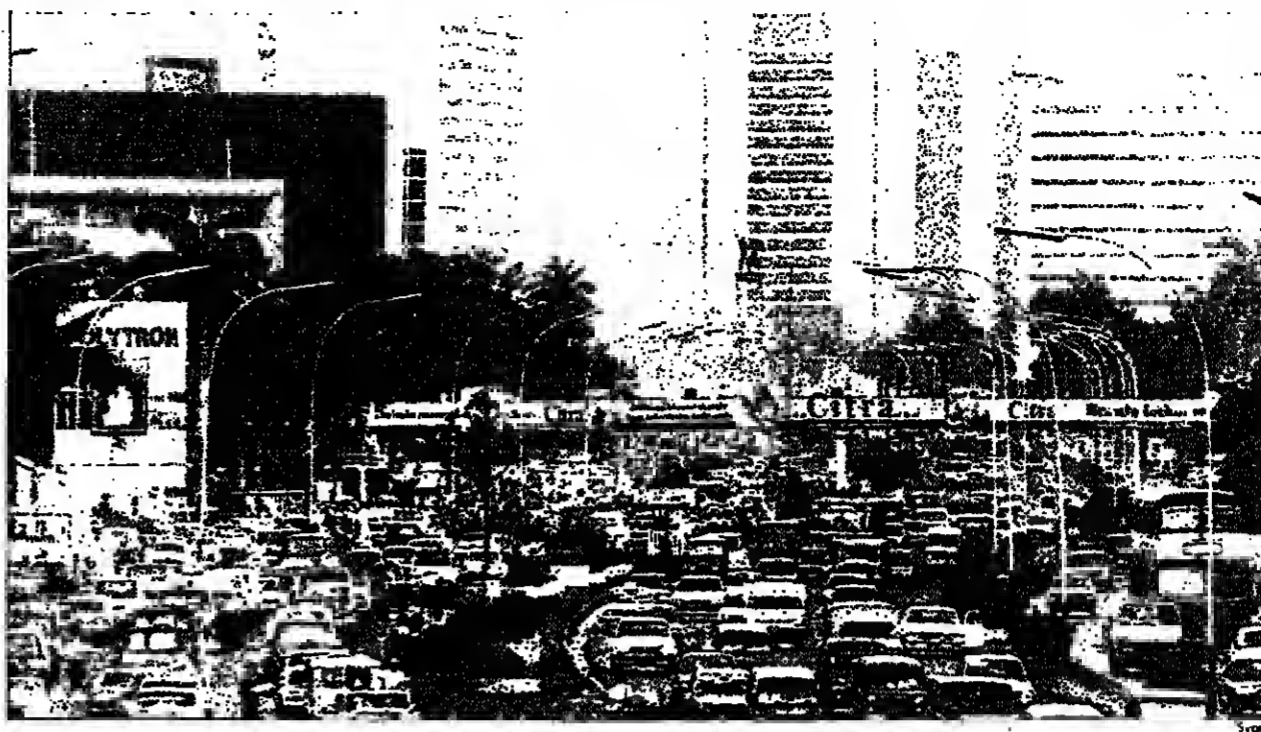
The typical hard-driving businessman who believes "Time is money" soon discovers that, far from being money, in Indonesia time is not even time. Most public clocks seem lost in their own timespace, in wild disagreement with each other — just like the government departments a businessman must deal with.

In an administrative environment best described as "neofeudalism," decisions are made usually by the highest echelons, both in government and the private sector. With the combination of this bottleneck and officialism's related attitude towards appointment schedules (and propensity for charting), businessmen spend a lot of time in waiting rooms.

Even after receiving official permission, there is still the problem of obtaining the actual permits and licenses. As in many former colonies, the primary colonial legacy — in this case from the Dutch — is a ponderous, unwieldy, all-pervasive bureaucracy.

On the other hand, there can be much more room for flexibility in the Indonesian business environment. Because personal contact is so important, problems are more often solved by talking things over.

Once a business venture is under way, a new set of cultural difficulties arise. A manager of a large-scale project is generally insulated from the Indonesian labor force — subcontracting the headaches out to local labor organizers and dealing only with highly educated and Westernized Indonesian professionals. But a smaller-scale administrator will find himself more fully immersed in Indonesian daily life. Indonesians in key positions can miss important meetings to attend family functions — and be deeply offended at the mere suggestion that work should take precedence over family obligations.



Rush-hour scene in busy downtown Jakarta.

But these traditional attitudes are changing. The new generation of college graduates is less reticent to speak its mind, whether the boss likes it or not. Corporations with extensive experience of operating in other cultures are attempting to instill Western concepts and attitudes.

Many larger Indonesian companies are striving for efficiency as they try to catch up to their ASEAN neighbors. Garuda Indonesia has been re-training flight attendants to improve their in-flight service. However, 30 French travel writers recently pleaded with Garuda president-director R.A.J. Lumenta not to go overboard on his efficiency drive.

"Leave your stewardesses the way they are," one writer urged. "Unlike their sisters on other airlines with their artificial smiles, you know how they really feel."

"Companies operating in Indonesia must find a middle road," said Lumenta. "They should temper their drive for efficiency and discipline with an awareness of the traditional."

No one wants an airplane to fall from the sky, so Garuda maintains an admirable safety record with an all-Indonesian maintenance crew. However, as no one seems to particularly care if a Jakarta resident completes a telephone call, Jakarta's telephone service ranks among the worst of the world's capitals.

Finance: Strong International Presence

Hongkong Bank's first Indonesian Branch was opened in Jakarta in 1984.

Originally established to finance the export of sugar from Java to Hong Kong, the branch remains a leader in international trade finance. It is also positioned to handle sophisticated foreign exchange transactions as well as providing offshore finance and leasing opportunities to the many multinationals now operating in Indonesia.

Its relocation to the new business district of Jakarta places it in a strong position to respond to the challenges of Indonesia's future.

The Hongkong and Shanghai Banking Corporation — more familiarly known as Hongkong Bank — ranks among the 20 largest banking groups in the world.

Organized as a federation of banks and finance-service companies, the group has consolidated assets of about U.S. \$78 billion and more than 1,200 offices in 55 countries.

Through this network, the group provides a comprehensive range of commercial banking, merchant banking, financial investment and insurance services on a global basis to an international clientele which includes more than one-third of the world's 200 largest corporations.

The organizations within the group operate as autonomous units, offering extensive experience of their respective markets and fields of specialization. This assures customers of fast decisions and high quality of service, with access to the international network and resources of the whole group.

Commercial Banking: Asia-Pacific Region. The parent company, The Hongkong and Shanghai Banking Corp., has been a leading regional bank in the Far East and Southeast Asia for more than 120 years.

The Bank is firmly established as the premier commercial bank in its home market, Hong Kong, where it performs a number of the traditional functions of a central bank, including the issue of the bulk of the territory's banknotes.

In recent years, the Bank has reinforced its dominant role in the

retail banking market through the introduction of the most advanced electronic banking systems. For example, together with Hang Seng Bank Ltd., a subsidiary acquired in 1965, the Bank operates a network of 471 automated teller machines in Hong Kong.

Established in 1865 primarily to meet the financing needs of companies trading with China, the Bank's close historical links with that market remain firmly in evidence. The Bank is both the most active and the most widely represented — with three branches and four offices — of any foreign bank in the People's Republic.

The Bank's historic role as the pioneer of modern banking in many other parts of Asia, including Japan, is also reflected today by its strong presence throughout the region.

The acquisition of Mercantile Bank in 1959 extended the group's nationwide branch coverage in India and key Southeast Asian markets, while the group's international office network links all the major financial and business centers of the Asia-Pacific with their counterparts around the world.

In mid-1985, the group established Hongkong Bank of Australia, in which it holds an 80-percent share. The new bank is based in Melbourne with branches in Sydney, Perth and Brisbane. It is expected to play a key role in Australia's growing economic relations with Asia.

The Americas. Acquired in 1980, the Bank's majority stake in Marine Midland Bank — the 16th-largest commercial bank in the United States — has given the group a major presence in New York State.

Marine Midland is a leading force in consumer and middle-market banking with sophisticated capabilities in the domestic and international capital markets.

Under a recently concluded agreement, Marine Midland will acquire First Pennsylvania Corp. when interstate banking regulations are relaxed in 1990. It also has investments in banking companies in Ohio, New Jersey and Michigan.

Established in 1981, Hongkong Bank of Canada, which is

based in Vancouver and has 12 branches across the country, gives the group nationwide coverage of the Canadian market.

Both directly and through Marine Midland, the Bank is also represented in the major markets of Central and South America.

Middle East. The Bank's wholly owned subsidiary, the British Bank of the Middle East, was acquired in 1959. Originally founded in 1889, BBME is the largest overseas bank operating in the Gulf region.

Complementing BBME's strength in the Gulf, the group holds minority interests in Hongkong Egyptian Bank SAE, The Saudi British Bank and The Cyprus Popular Bank Limited.

Europe. In addition to the Bank's long-established branches in the United Kingdom, its European network meets the international banking needs of customers in West Germany, France, Italy, the Netherlands, Switzerland, Spain and Sweden.

Merchant Banking and Capital Markets. The Bank established Wardley Ltd. in 1972 to specialize in merchant banking operations, including corporate finance, project finance, advisory services and fund management activities.

Wardley today ranks as the leading merchant bank in Hong Kong. Its subsidiaries in Australia, New Zealand and the Middle East are major merchant banks in their respective regions, while associated companies, such as Korea International Merchant Bank

and Utama Wardley Berhad, give the group an important stake in the emerging merchant banking markets of Asia. Equator Bank specializes in the African market.

The group has made two highly significant acquisitions in the key London and New York markets in recent years — James Capel & Co. in the U.K. and Carroll McEntee & McGinley Inc. in the U.S.

James Capel, which became a wholly owned subsidiary in 1986, is one of the City of London's top stockbroking firms. It is a leading player in the U.K. government securities market and has substantial research and dealing capabilities in the international equities markets. James Capel Bankers Ltd. is the group's merchant banking arm in London.

Carroll McEntee & McGinley is one of 35 primary dealers in U.S. government securities and is currently building up its international operations in London, Tokyo and Singapore.

As the volume of trading in financial instruments of all kinds continues to grow, the group places priority on building up its global capital markets capability. Both directly and through Marine Midland, Wardley, James Capel and CM & M, the Bank is already well-placed in this area in the Hong Kong, New York, London and Singapore markets and is actively building up its presence in Tokyo.

Garuda Forecasts Return to Profitability

When Reyn Altin Johannes Lumenta took over as president of Garuda Indonesia in November 1984, few envied the task he faced.

But since that date, the changes made by the new president have rapidly reversed the fortunes of Indonesia's national airline, which is now in a position to forecast a return to profitability in 1987.

Indicative of the wide-ranging changes made by Lumenta is the new \$1.1 million corporate identity designed in late 1985 by Landor Associates, a San Francisco-based consultancy firm specializing in airlines. It will be implemented over a two-year period.

Lumenta says the new identity, which is being applied system-wide to aircraft exteriors, interiors, uniforms, tickets, printed material, baggage tags and so on, signifies the positive changes taking place at the airline.

The scale of the problems facing Lumenta in 1984 are best measured in financial terms: the airline had recorded a loss of \$76 million in that year, and had total debts in the region of \$1.2 billion.

Garuda's annual loss was sliced more than half in 1985, to \$30 million, and overall debt was reduced to \$965 million. Though Lumenta had originally felt the airline could break even this year, the cost of introducing new services means that a small loss of \$15 million will probably be recorded.

Debt should be reduced to \$628 million this year, and the airline hopes to have cleared existing debt by 1994. Finance charges this year are put at \$220 million, compared with \$232 million in 1985.

Turnover increased 0.6 percent, to around \$670 million in 1985, and this year the airline expects a minimum 10 percent increase to \$746.4 million. In the first six months of this year, turnover increased by 18 to 19 percent.

The main factors behind the financial improvements are the introduction of a new executive class in August 1985, the launch of several new services, and the closer attention which is being given to service standards.

The new business class cabins are enabling the airline to sharply increase the earnings per passenger carried, new services have improved the number of hours flown daily by each aircraft, while the closer attention to service standards is slowly winning back passengers.

In line with government policy to increase earnings from the tourism industry, Garuda began signing a series of joint service agreements with foreign airlines for flights to Bali, Indonesia's major tourist draw, using Garuda aircraft.

Singapore Airlines, Continental Air Lines, Cathay Pacific, Malaysian Airline System and KLM Royal Dutch Airlines now operate joint services to Bali with Garuda. More new services are planned.

In November, Garuda will introduce a once-weekly DC10 service to the U.S.-routed Jakarta-Bali-Biale-Honolulu-Los Angeles, departing on Sundays. In the same month, new services from Bali to Amsterdam and Bali to Taipei are due to be introduced. Also in the pipeline is a weekly joint service to Paris with UTA French Airlines, probably to be launched in 1987.

Other new flights planned for 1987 include Stockholm or Copenhagen on Europe routes, Auckland in New Zealand, Brisbane in Australia and Seoul in South Korea. Garuda is also interested in flying to Osaka and has held talks with Thai International on a Bangkok to Bali service.

So successful have new services been in using Garuda's excess aircraft capacity that Lumenta now talks of leasing additional aircraft in 1987 for some domestic services.

The airline would probably lease 100-seat aircraft because Indonesia is now building its own 100-seat plane, and Garuda's objective is to have an entire domestic fleet of locally made aircraft by the end of this century.

Said Lumenta, the improvement of service standards has been top priority since he took over. Staff morale was then at an all-time low, but Lumenta's decision to immediately increase salaries boosted morale immeasurably. Pre-flight, in-flight and post-flight services are now all being carefully monitored.

These changes contributed to almost 125,000 more international passengers in 1985. Further increases this year have resulted in the passenger load factor on international services reaching 60 percent in the first six months, compared with 42 percent a couple of years ago.

To stimulate tourist traffic to Indonesia, Garuda introduced the Visit Indonesia Air Pass (VIAP) in April 1985. Three passes are available, covering from five to 35 cities and priced from around \$300 to some \$500. Validity of the pass ranges from 10 nights to 60 nights, and it is available to Garuda passengers originating from international points.

The VIAP has contributed substantially to the development of tourism in Indonesia by making remote areas more accessible. The airline is now also marketing itself more aggressively, and will spend in the region of \$113.2 million on marketing this year, representing some 15 percent of expected turnover.

Some \$12.7 million will be spent this year on the production of promotional publications on various tourist destinations in the country.

Well-coordinated in Indonesia



Doing business in foreign waters can be difficult. You need a bank which is well-coordinated, able to give you many viable perspectives, yet one manageable whole. You need HongkongBank: the bank that's been guiding business in Indonesia for more than 100 years.

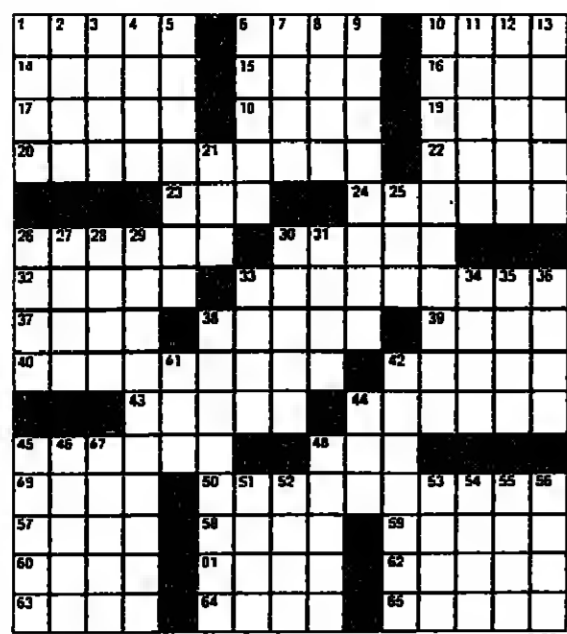
On top of that, HongkongBank has well over a century's experience exploring and developing Asian trade and commerce and has offices that are not only well-coordinated in Indonesia, but also in the rest of Asia

and the world. HongkongBank has over 1,200 offices in 55 countries.

So, while other banks are still testing the waters in Asia, HongkongBank's knowledge of business currents will help steer you towards success.

Contact us in Indonesia at our Principal Office, Wisma Hayam Wuruk, Jalan Hayam Wuruk 8, Jakarta; our London office at 99 Bishopsgate, London EC2P 2LA; or at any branch of the HongkongBank group.

HongkongBank logo and text: The Hongkong and Shanghai Banking Corporation, Member of the Hongkong Bank Group, The British Bank of the Middle East, Hongkong Bank of Australia, Hongkong Bank of Canada, Hongkong Bank of New Zealand, Hongkong Bank of the Philippines, Hongkong Bank of Singapore, Hongkong Bank of the United Kingdom, Hongkong Bank of the United States, Hongkong Bank of the Netherlands, Hongkong Bank of the Federal Republic of Germany, Hongkong Bank of France, Hongkong Bank of Italy, Hongkong Bank of Spain, Hongkong Bank of Sweden, Hongkong Bank of Switzerland, Hongkong Bank of Belgium, Hongkong Bank of Luxembourg, Hongkong Bank of Denmark, Hongkong Bank of Norway, Hongkong Bank of Finland, Hongkong Bank of Austria, Hongkong Bank of Czechoslovakia, Hongkong Bank of Poland, Hongkong Bank of Yugoslavia, Hongkong Bank of Greece, Hongkong Bank of Turkey, Hongkong Bank of India, Hongkong Bank of Pakistan, Hongkong Bank of Bangladesh, Hongkong Bank of Sri Lanka, Hongkong Bank of Malaysia, Hongkong Bank of Singapore, Hongkong Bank of Brunei, Hongkong Bank of Indonesia.



- ACROSS**
- Hebrew prophet
 - Branch of the ml.
 - Fracious
 - Vacuous
 - Golfer Wayne
 - Precious
 - Currency i.o.u.
 - AI hand
 - Where 21
 - Down lies
 - Child's pastime
 - Money drawer
 - Brew
 - Gunwale parts
 - Opis
 - Like some infections
 - Wild Western
 - Cougar or lynx
 - for me?
 - Sarchy foodstuff
 - Ashen
 - Religious instructions
 - Londres, e.g.
 - Wiesbaden's river
 - Type of inflorescence
 - Taipai is its capital
 - Collegian's prerogative
 - Venezuelan mining town
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57 Slender or small, in Savoie
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59 Evergreen shrub
- 60 Pain**
61 General McArthur's remainder
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 - Rolled tea
 - Winch on an oil-well rig
 - Furrow
 - Gulf of Mexico port
 - 46 Of a region
 - Ancient Greek colony
 - Proximal
 - 51 Hebrew month
 - 52 Renis
 - 53 Cliche
 - 54 Queue
 - 55 Made a hole-in-one
 - 56 Rackstraw's colleagues

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DENNIS THE MENACE



"How old was Little Red Riding when she and Robin got married?"

JUMBLE THAT SCRAMBLED WORD GAME

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YEGEL

ZIERP

LAVASS

TRUFOH

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: IT YOU

Yesterday's Jumbles: DECRY JEWEL GAMED LUNACY
Answer: That nanny magical knew how to make the disappear—THE AUDIENCE

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	19	11	Bangkok	27	24
Amsterdam	12	11	Hong Kong	22	20
Antwerp	12	11	Kobe	22	20
Berlin	15	12	Manila	27	24
Brussels	15	12	Seoul	17	15
Cardiff	15	12	Shanghai	16	14
Copenhagen	15	12	Shanghai	16	14
Dublin	15	12	Tokyo	19	17
Frankfurt	15	12			
Geneva	15	12			
Helsinki	15	12			
London	15	12			
Madrid	15	12			
Moscow	15	12			
Nice	15	12			
Paris	15	12			
Prague	15	12			
Stockholm	15	12			
Vienna	15	12			
Zurich	15	12			

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

ON ACTING

By Laurence Olivier. 397 pages. \$18.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Jonathan Yardley

LORD OLIVIER will be 80 years old next May, and in recent years he has undergone his full share of debilitating illness and medical treatment, but as far as he is concerned "I am fourteen going on eighty."

"Memory is one thing, but action is for the immediate man. I still feel immediate. Every morning when I wake I think, To hell with the doctors, the temperature takers, the people who tinker with you like a pre-war pressure cooker, telling you to sit in your wicker chair in high summer and muse. I should be out there where I belong, on the planks of wood that we call 'the boards.' I should be out there holding the old enemy at bay and trying to convince them to believe it, to see it my way. I should be shouting away with my head tilted slightly towards the gods, feeding on the caviar of Shakespeare. Eyes telling all, and each member of the 'congregation' thinking I am talking to him or her personally. I was made to perform, and it is not easy to be put out to grass."

Though his appearances onstage have necessarily been infrequent in recent years, only two years ago he played Lear for television and he continues to accept film roles. He also retains an undiminished enthusiasm for talking about his craft, supplementing his autobiography, "Confessions of an Actor," with "On Acting" because "I realized that although one had been written about one and one's life, very little had been said on how it had happened, on what had been going on inside me when I tackled some of the great roles."

With the exception of Archie Rice in "The Entertainer," all his most memorable roles find Olivier feeding on the caviar of Shakespeare. Lear, Hamlet, Romeo, Macbeth, Henry V, Othello, Richard III, Shylock — "I have concentrated most on my Shakespearean roles in this book because I have found them the most fascinating, and their construction still remains clear in my head. I can still see and feel them as though they were happening now. Unlike those of other parts, the lines have remained with me. They are part of me and I am part of them. The older I grow, the more I seem to understand them. What a shame I can't play them again." Especially Hamlet: "Hamlet is pound for pound, in my opinion, the greatest play ever written. It towers above everything else in dramatic literature. It gives you great climaxes, shadows and shades, yet contains occasional moments of high comedy. Every time you play a line it can be a new discovery. You can read it and play it as many times as the opportunity occurs and still not to the bottom of its box of wonders. . . . I think each day about it. I'll never play him again, of course, but by God, I wish I could."

His comments on other roles are rather more unconventional and entertaining. In Othello, for example, he regards Iago as "the big part" and Othello as "a loser from the very beginning who tempts an actor to 'show off' and 'believe like a dying man' — a temptation that Olivier admits he was not always able to resist. In other roles, Richard III, conventional by viewed as the embodiment of villainy, Olivier finds "an attractive part to play" because the conventional view misses Richard's essential humanity. As for Lear: "When you've the strength for it, you're too young; when you've the age, you're too old." Furthermore:

"I suppose one of the reasons people say it is an exhausting role is that it is usually played by an elderly actor. The audience spends most of the evening on the edge of their seats fearing that the performer will have a seizure at any moment. . . . At the end of the evening, when the center of the stage and nods his tired head towards his exhausted public, he does not realize that the appreciation, the tumultuous applause, the accolades that are hurled towards his deaf ears are not for his rendering of the Bard's great lines, but come out of relief that he is still standing and has not left for the Great Greenroom in the Sky."

Throughout, Olivier presents himself as a thorough professional. A role is a job, to be done as skillfully and meaningfully as possible, but to be left at the office when the day is done: "People who can't do that suffer very much, and I don't think it's good for them." But beneath his veneer of cool is a deep well of passion, as he leaves no doubt in a paragraph that summarizes this illustrious career. And before it has stood by me and I have stood by it. It has given me much joy and some sorrow. It has taken me to places that otherwise I would not have seen. It has given me the world and great happiness. It has brought me friends and good companionship, camaraderie and brotherhood. It has taught me self-discipline and given me the retentive eye of the observer. It has enabled me to love my fellowmen. It has clothed me, watered me, fed me and spared me from a bowler hat and a nine-tail-five desk. It has given me cars and houses and holidays, bright days and cloudy ones. It has introduced me to kings and queens, presidents and princes. It has no barriers. It has no class. Whatever your background, if acting decides to embrace you and take you to its heart, it will hunt you up there among the gods. It will change your wooden clogs overnight and replace them with glass slippers."

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

IN the early days of contract bridge there was much disagreement about terminology. In a social evening one would hear "jump takeout" for "jump shift"; "business double" for "penalty double"; and "informative (or informative) double" for "takeout double."

Many such evenings featured celebrated literary figures at 450 East 52d Street, the Manhattan apartment owned by Alexander Woolcott and named "Wite's End" by Dorothy Parker. There was a fantastic creaking double bed, brilliant conversation and bridge. There was no Boswell, unfortunately, to record the bridge episodes, so the diagrammed deal is fictional with a tail-piece of post-mortem fact.

West was looking forward to bidding and making a slam in one of his three suits, and was considerably frustrated to hear his opponent bid brazenly to the five-level.

West led a spade, and South ruffed in dummy and led the heart king. East covered with the ace, and South had no doubt after ruffing. He drew trumps ending in dummy, and ruffed out the heart queen to make the doubled game. Notice that it would not have helped East to refuse to cover with his heart honors.

South devoted himself to working out the score, while West had a question.

"What did that first double mean, partner?" he enquired.

"East was sitting in shock, but North, overdue for a witty-

WEST: ♠ 6 5 4 3 2
♥ 7 6 5 4 3
♦ 8 7
♣ A K J 10

EAST: ♠ A K Q J
♥ A K J 10
♦ A K J
♣ A K J

SOUTH (D): ♠ 10 9 8 7 6 5 4 3 2
♥ 10 9 8 7 6 5 4 3 2
♦ 10 9 8 7 6 5 4 3 2
♣ 10 9 8 7 6 5 4 3 2

Both sides were vulnerable: the bidding.

South	West	North	East
10	Pass	10	Dbt.
10	Pass	5	Dbt.
Pass	Pass	Pass	Pass
West led the spade seven.			

World Stock Markets

Via Agence France-Presse Nov. 12
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	325.38	+1.20
Brussels	2250	+10
Frankfurt	211.38	+1.20
London	2729.75	+12.50
Paris	1772	+10
Sydney	1729.50	+10
Tokyo	2373.50	+10
Zurich	211.38	+1.20

Market	Index	Change
Amsterdam	325.38	+1.20
Brussels	2250	+10
Frankfurt	211.38	+1.20
London	2729.75	+12.50
Paris	1772	+10
Sydney	1729.50	+10
Tokyo	2373.50	+10
Zurich	211.38	+1.20

TRAVEL SECTION ON THE BACK PAGE

SPORTS

Stars & Stripes Loses Again in Light Winds

Compiled by Our Staff From Dispatches
FREMANTLE, Australia — Dennis Conner remains convinced that if the wind blows, Stars & Stripes will win back the America's Cup for the United States.

tion among the 12 challengers: "If it blows, we win the cup. If it's light, we don't. I believe we have a chance to win if the winds are between 15 to 30 knots. If the winds continue at nine knots, then we're dead."

feated the U.S. aspirant Eagle to move past Stars & Stripes into third place with 43 points. Stars & Stripes, fourth, is a point ahead of French Kia, which beat Italy's Azura.

The second round ends Thursday, and only a major upset will keep New Zealand from scoring a clean sweep in the 11-race series. The Kiwis face last-place Challenge France, which has not won in the second round and which lost Wednesday to USA.

Exit Hinault — Losing but Smiling

By Samuel Abe
International Herald Tribune
QUÉSSOY, France — Bernard Hinault went out a loser, smiling all the way. Riding in the final bicycle race of his 12-year professional career, Hinault placed 14th in a field of 34 and for once did not sulk or grieve.

lining the half-mile cyclocross track in this Britany town rused across the cow pasture and into the finish area for their final chance to see Hinault in competition.

helped develop a revolutionary cycling pedal that is becoming an international staple. With a partner, he has set up a company to manufacture and market educational wooden toys that children will assemble. He will do a certain amount of public relations work, especially for the Bernard Tapie group of companies, including the Vie Claire health-food stores that were the primary sponsor of his bicycle team.

Rubber Ducks and Elbow Skiing

By Angus Phillips
Washington Post Service
FREMANTLE, Australia — Last anyone think the America's Cup is all work and no play, consider the rubber duck crews.

There were no skis, so Josenhaus went elbow skiing. He climbed into a bright red survival suit, jumped overboard and had duck skipper Jeff Merrill toss him a line.

When he went by Heart of America, which was slanting around, skipper Buddy Melger hollered, "They're trolling, boys, but they haven't had a bite yet."

The showdown in the defenders' series between Kookaburra III and Australia IV again indicated that the Kookaburra III is a real threat to the Aloa Boat syndicate, which brought the cup to Australia in 1983.



Bernard Hinault at his final finish line.

Boston's Clemens Unanimous Choice As Top Pitcher in American League

By Fred McMane
United Press International
NEW YORK — Pitcher Roger Clemens of the Boston Red Sox on Wednesday was named the unanimous winner of the American League Cy Young Award by the Baseball Writers Association of America.

gery on his right shoulder on Aug. 30, 1985. Signed as Boston's No. 1 pick in the June 1983 draft after starting at the University of Texas, he managed only a combined 16-9 record with a 3.88 ERA in his two previous injury-plagued seasons.

League recipients flopped the following year, and three of them — Steve Stone, Pete Vuckovich and Bert Babin — were injured.

Philadelphia 5 3 774
Boston 3 2 400 1
New York 2 4 233 2
Washington 1 5 147 3

SCOREBOARD

Table with columns for Soccer, Basketball, and America's Cup. Soccer includes European Championship and International Friendly. Basketball includes NBA Standings (Eastern and Western Conferences) and Tuesday's Results. America's Cup includes Challenger Elimination and Wednesday's Results.

SPORTS BRIEFS

Rose Gives Up Spot on Winter Roster
CINCINNATI (AP) — Player-manager Pete Rose of the Cincinnati Reds agreed to give up his spot on the 40-man winter roster in order to allow the team to protect a younger player, it was announced Tuesday.

Transition

BASEBALL
BALTIMORE — Signed Mike Flanagan, pitcher, to a one-year contract.
SEATTLE — Announced it will not exercise the option in the contract of Steve Yeager, catcher.

Two Bulgarians Set Weightlift Marks

SOFIA (UPI) — Bulgarians Boris Gidikov and Alexander Vurbanov set world records at the World Weightlifting Championships Tuesday, collecting four medals between them in the 75-kilogram (165-pound) weight division.

English Soccer Chief Sees End of Ban

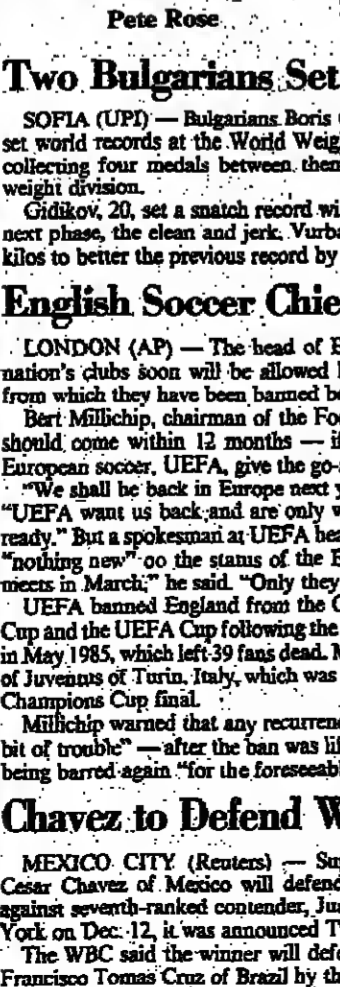
LONDON (AP) — The head of English soccer says he expects the nation's clubs soon will be allowed back into European tournaments, from which they have been banned because of fan violence.

Chavez to Defend WBC Title Dec. 12

MEXICO CITY (Reuters) — Superfeatherweight champion Julio Cesar Chavez of Mexico will defend his World Boxing Council title against seventh-ranked contender, Juan LaPorte of Costa Rica in New York on Dec. 12, it was announced Tuesday.



Fireballer Roger Clemens



Pete Rose

Table with columns for Country, Current, 1 year, 2 years, 3 years. Lists various countries and their current and future values for different durations.

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ART BUCHWALD
Russian Garage Sale

WASHINGTON — I live around the corner from the Soviet Embassy in Washington. The other morning I saw a crowd in front of it and asked an FBI man dressed as a parking meter maid what was going on.

It was a garage sale being held by the Russians who were booting out of the United States. You can get some great buys on Afghani wool potholders and Andropov ashtrays with setrec tape recorders inside.



Buchwald

I wandered over to one of the bridge tables. The Soviet Embassy employee said to me, "Can I interest you in Navy submarine codes that have only been used once? They come in this beautiful Statue of Liberty key ring and can easily be hidden in a pumpkin."

"No, thank you," I said. "I stopped collecting submarine codes after Admiral Rickover died." Then perhaps I could whet your appetite with stolen blueprints of the Stealth bomber. They make extremely colorful wall decorations.

I said, "I wouldn't know one stolen blueprint from the other. How can I be sure they're genuine?" "Each and every one of them has been authenticated by Cap Weinberger. We Soviets do not deal in phony American blueprints. That's why we're being kicked out of your country."

I told him I would be back. The next table featured microfilm of Reagan's Star Wars plan. A Soviet Embassy lady manning the stand was selling microfilm that she had shot while walking through the White House with a little baby under her arm.

"Are you an expert on microfilm?" I asked her. "No, but I know what I like." "Why are you selling them rather than taking them back to the Soviet Union?"

She replied, "If you are an American you get a fortune from Moscow for Star Wars material. If you are a Russian they tell you it's your duty to turn it over to the motherland for free. This is my last chance in America to make a buck."

"What is this book here?" "It's the Bible that Vitaly Yurchenko swore when he promised William Casey that he would always be a loyal defector."

"How did you get hold of it?" "I got it from Vitaly just before he boarded the plane for Moscow. He asked me to give it to Casey for sentimental reasons. When I tried to deliver the Good Book, Casey turned it down and said he didn't want a Bible that had been sworn on by a defector who couldn't keep his word."

"Is there anything else in the garage sale I might be interested in?" "I have the White House text of what Ronald Reagan said to Gorbachev in Iceland."

"Which one?" "Which version do you want?"

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Douglas Dunn's Emotional Resonance

'Very much like the idea of a Deity... but I think it's much more exciting for a poet to be in two minds. It makes writing a poem, which encounters some spiritual experience, more of an adventure.'

By Katherine Stephen
IN a small, hilly village across the Tay River from Dundee, north of Edinburgh, is a poet who keeps winning prizes — most recently the esteemed Whitbread Award. When the dust clears on this century, Douglas Dunn, 43, may be found — with the firm established Seamus Heaney of Northern Ireland — to have written many of his English rivals and become, not just another boy from the provinces with a strong regional voice, but a poet near the summit of his generation's achievement.

Dunn writes poetry with a marked directness, lyric beauty and emotional resonance not often found in contemporary verse. He is a stocky, bearded man, soft-spoken yet capable of a tracing Scottish forthrightness. Dunn (whose "Selected Poems" is being published by Faber this month in Britain and in December in the United States) was born in the village of Inchinnan in western Scotland and is now settled in a spacious house in Tayport. His first book of poems, "Terry Street" (1969) concerned life in a working class neighborhood, and was written about a street where Dunn lived when he was young. It was at Hull that Dunn met the man who was to become his mentor, the British poet Philip Larkin.

But Dunn's poetry took a leap into a different dimension when he was faced with the experience of his first wife's death from cancer in 1981. During the months after her death, he wrote a collection of poems called "Elegies" (excerpted in the "Selected Poems") which marked a high point in his lyric style and took Dunn away from semi-political themes to the ultimate poetic subjects: love, death, and its aftermath. British critics admired "Elegies" greatly, comparing the poems to Tennyson's "In Memoriam" and the poetry Thomas Hardy wrote after his first wife's death. It was Dunn's "White Bread Award" became a best seller in Britain.

Dunn grew up the son of a father who worked in a tire factory and a mother who was a great storyteller. "My youth was as private as the bank at midnight," Dunn said in a poem, and he has not written very much about it. "In my teens, like everyone else, I started writing." But he Besides poetry and librarianship, he both had an interest in jazz (Dunn plays the clarinet and saxophone). "Sometimes Philip would come round to our flat on a Sunday afternoon, quite unannounced. He'd sort of hang on for dinner and it might have meant giving out what we were going to be for three, instead of two."

Despite Larkin's protests ("Philip thought I was a very good librarian"), Dunn decided to become a full-time writer. "I thought, well, if I'm going to be a writer, then I better go and be one." He was successful at all styles he turned to (though he has yet to write a novel), producing terse, observant stories primarily



Poet Dunn: "Remembering larger than sentiment."

about Scottish life for the New Yorker. A selection of these has been published in Britain in "Secret Villages" (Faber, 1985). But when Dunn's wife, Lesley, an artist, was diagnosed as terminally ill, his life was overturned. Dunn nursed his wife at home until she died in March 1981. In the year after her death, Dunn wrote a series of strikingly honest, unsentimental poems about the experience of living through illness, death, and the aftermath of grief.

The poems in "Elegies" convey many shades of the emotions Dunn experienced. Though sadness and grief are certainly present, they are by no means the only feelings he had. The reader is given a gathering impression, as the poems progress, of a sense of peace which inexplicably appeared at times to Dunn, some

times when his grief seemed most unbearable. And there are one or two indications of experiences Dunn had in which his wife seemed to exist as a presence — whether in his mind or in actuality — that filled his life. "Being a Scotsman of a rational, reasonable kind, I'm very suspicious of mysterious occurrences in the imagination," Dunn says. "I have to constantly re-examine these things just to be sure that, by the standards of my mind, they are authentic. I always believe in things being as lucid and clear as possible, but when you're writing a poem, you often come across something spiritual, or even mystical, or certainly mysterious."

In one poem called "Home Again," near the end of the collection, the poet returns to the home he shared with his late wife after a six-week absence. He feels very

alone and notices the signs of his neglect of the house: the cold. Entered books and furniture, chairs and cushions. My open suitcase mocks me from the floor. The room is an aghast mouth. Its kiss is cold.

It is a moment that almost overwhelms him, but then the poet is stirred by an impression that changes his whole mood: A floral light bleaches my eye with angelophanous secrets. They are more than remembering. Larger than sentiment.

Dunn says: "I'm still of the opinion that you can kid yourself about mystical experience. But the experience of writing 'Elegies' has left me feeling hospitable to events in life and nature that before I would have been unwilling to consider worthless, or bogus."

"Very much like the idea of a Deity — it would be marvelous. But I think it's much more exciting for a poet to be in two minds. It makes writing a poem, which encounters some spiritual experience, more of an adventure. Several months after his first wife's death, Dunn went back to Scotland to live in Dundee. He recently remarried and his new wife, also called Lesley ("It's a very common Scottish name," he says) is expecting their child in January.

He is working on a new collection of poems, mostly about nature and landscape in the region. "At the moment, I'm particularly interested in the Firth of Tay which I spend an awful lot of time looking at, building up images of, and reading about in history books. "Just after first light, where the estuary over there meets the sea, there's a sort of glimmer of light — a purely natural phenomenon. But it isn't coming from anything light, you know. If you stand there for 15 or 20 minutes, dull would you be so if you didn't get anything from it."

Katherine Stephen is a London-based journalist who specializes in cultural affairs.

PEOPLE

Third World Foundation Gives Goldof \$100,000

Bob Goldof, who masterminded a campaign for African famine relief, was awarded the \$100,000 Third World Prize in London Wednesday. The Third World Foundation cited Goldof for his extraordinary effort to help those who were in need of help. "His initial aim was to raise money by doing what he knew best — making music," the foundation said. Goldof linked Band Aid, Live Aid and Sport Aid, which raised more than \$130 million for famine relief.

The parade of the great pretenders ended Tuesday with the first gavel in the two-day auction in London of 120 lordships of the manors — aristocratic titles covering a millennium of English history — picked up by commoners and foreigners with cash in hand and grandeur in mind. "I wanted to be related to the princes of the world," said Farhad Tabak, a foreign businessman who bought the lordship of East Dunmure, where the manor was once the home of the Duchess of York, known commonly as Sarah (Fergie) Ferguson before she married into the royal family this summer. He purchased the title for \$25,000. The bidding wins usually involve only the right to use the title, plus theoretical but not physical possession of a set of historic documents that must by law remain in safekeeping, within England since they are tied to such priceless records as the Domesday Book.

The African singer and songwriter Fela Anikulup-Kuti and 46 members of his band were kicked off an airliner in Denver because they allegedly were smoking marijuana. "We don't remove people from an airplane unless we have sufficient cause," said Joe Applegate, a spokesman for United Airlines. Kuti and his band were flying from Newark, New Jersey, to Seattle, when the plane stopped in Denver to pick up more passengers. United officials took the band's tickets and ushered them off of the plane. The band members continued on to Seattle aboard another airline. Fela, an outspoken critic of military rule and corruption in his home country of Nigeria, was imprisoned in November 1984 and released from prison in April by the ruling military government.

A WORLD OF JOB OPPORTUNITIES
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EMPLOYMENT
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